METASPHERE LABS INC.

(“Metasphere”, the “Company” or, the “Issuer”)

Suite 1890 – 1075 West Georgia Street
Vancouver, BC V6E 3C9

CSE FORM 2A
LISTING STATEMENT

August 22, 2024

“This Listing Statement is intended to provide full, true and plain disclosure about the Issuer. It is not, and is not to be construed as, a prospectus. It has not been reviewed by a securities regulatory authority and no securities are being sold or qualified for distribution by the filing of this Listing Statement.”

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GENERAL MATTERS

The Company: References in this Listing Statement to "the Company" or "Metasphere" refer to Metasphere Labs Inc.

Glossary of Terms: See "Glossary of Terms" below for the meaning assigned to certain capitalized terms in this Listing Statement.

Currency: In this Listing Statement, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

IFRS: For reporting purposes, the Company prepares its financial statements in Canadian dollars and in conformity with International Financial Reporting Standards.

Date of Information: Except as otherwise indicated in this Listing Statement, all information disclosed in this Listing Statement is as of date of this Listing Statement, or as known to the Company, as of the date of this Listing Statement.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

A description of the details of the Cautionary Statement on Forward Looking Information is set out at page 1 of the Q3 MD&A section "*Cautionary Statement on Forward Looking Information*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company, filed with the various securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Listing Statement, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Listing Statement or in any other subsequently filed document that is also incorporated by reference in this Listing Statement:

1. the audited consolidated financial statements of the Company as at and for the years ended July 31, 2023, and 2022, together with the notes thereto and the auditor's report thereon dated November 1, 2023 (filed on SEDAR+: November 1, 2023) (the "**Annual Financial Statements**") – *Schedule "B" – Consolidated Financial Statements years ended July 31, 2023 and 2022*;

2. the management's discussion and analysis of the financial condition and results of operations of the Company as at and for the years ended July 31, 2023, and 2022, together with the notes thereto and the auditor's report thereon dated November 1, 2023 (filed on SEDAR+: November 1, 2023) (the "**Annual MD&A**") – *Schedule "C" – Management's Discussion and Analysis for the years ended July 31, 2023 and 2022*;

3. the annual information form of the Company for the year ended July 31, 2023 (filed on SEDAR+: November 1, 2023) (the "**AIF**") – *Schedule "D" – Annual Information Form for the fiscal year ended July 31, 2023;*

4. the unaudited condensed interim financial statements of the Company as at and for the three and **nine** months ended April 30, 2024, and 2023 (filed on SEDAR+: June 14, 2024) (the "**Q3 2024 Financial Statements**") – *Schedule "E" – Unaudited Condensed Interim Consolidated Financial Statements for nine months ended April 30, 2024 and 2023*;

5. the management's discussion and analysis of the financial condition and results of operations of the Company as at and for the three and **nine** months ended April 30, 2024, and 2023 (filed on SEDAR+: June 14, 2024) (the "**Q3 2024 MD&A**") – *Schedule "F" – Management's Discussion and Analysis for the periods ended April 30, 2024 and 2023*;

6. the unaudited condensed interim financial statements of the Company as at and for the three and **six** months ended January 31, 2024 and 2023 (filed on SEDAR+: March 15, 2024) (the "**Q2 2024 Financial Statements**") – *Schedule "G" – Unaudited Condensed Interim Consolidated Financial Statements for six months ended January 31, 2024 and 2023*;

7. the unaudited condensed interim financial statements of the Company as at and for the **three** months ended October 31, 2023, and 2022 (filed on SEDAR+: December 15, 2023) (the "**Q1 2024 Financial Statements**") **-** *Schedule "H" – Unaudited Condensed Interim Consolidated Financial Statements for three months ended October 31, 2023 and 2022*;

8. the statement of executive compensation (form 51-102F6) of the Company for the year ended July 31, 2023 (filed on SEDAR+: June 19, 2024) (the "**2023 Statement of Executive Compensation**") – *Schedule "I" – Statement of Executive Compensation*; and

9. the news release filed on SEDAR+ on the following dates with the following titles:

   (a) September 27, 2023 and October 6, 2023: Looking Glass Labs Announces Share Consolidation;
   (b) October 17, 2023: Looking Glass Labs Announces Director Appointment;
   (c) November 10, 2023: Looking Glass Labs Announces Private Placement Financing and Debt Settlement;
   (d) November 23, 2023: Looking Glass Labs Closes Private Placement Financing and Debt Settlement;
   (e) December 18, 2023: Looking Glass Labs Announces Chief Executive Officer Appointment;
   (f) February 6, 2024: Looking Glass Labs Enters Definitive Agreement to Acquire Bot Media Corp.'s Climate and AI Web3 Assets;
   (g) February 8, 2024: Looking Glass Labs Closes Definitive Agreement to Acquire Bot Media Corp.'s Climate and AI Web3 Assets;
   (h) February 16, 2024: Looking Glass Labs Announces Name Change;
   (i) February 23, 2024: Looking Glass Labs Welcomes Natasha Ingram as New CEO to Spearhead Innovative Open Metaverse Initiatives;
   (j) February 29, 2024: Metasphere Labs Inc. Announces Successful Name Change and New Stock Ticker Symbol Activation;
   (k) March 4, 2024: Metasphere Labs to Develop Revolutionary Climate Game "Ents World" for Climate Finance Venture Studio, Bluesphere Ventures Inc.;
   (l) March 12, 2024: Metasphere Labs and Bluesphere Ventures Unveil Research Paper on Leveraging Bitcoin, AI, and the Metaverse for Sustainability;
   (m) March 14, 2024: Metasphere Labs to host seminar on pioneering defi opportunities on Bitcoin;
   (n) On March 21, 2024: Metasphere enters into definitive agreement with Bluesphere Ventures Inc.;
   (o) March 27, 2024: Metasphere Labs Begins Negotiations to Spearhead Integration for Pure Sky Registry LLC in Landmark Environmental Blockchain Initiative;
   (p) April 5, 2024: Metasphere Labs Inc. Announces Strategic Market Making Partnership with Independent Trading Group;
   (q) April 23, 2024: Metasphere Labs Inc. Unveils Bitcoin-Based Identity System, and Enters Exclusive Licensing Talks with Bot Ventures Inc.;
   (r) April 30, 2024: Metasphere Labs Announces Record-Breaking Achievement by Jimi Cohen;
   (s) May 3, 2024: Metasphere Labs Inc. Asserts Leadership in Bitcoin-Based Decentralized Identity Amid New Industry Developments;
   (t) May 6, 2024: Metasphere Labs Announces a follow-up event regarding Bitcoin's Defi Revolution;
   (u) May 8, 2024: Metasphere Labs Inc. Finalizes Strategic Partnership with Bot Ventures Inc. to Lead in Bitcoin Based Decentralized Identity Solutions;
   (v) May 14, 2024: Metasphere Labs and PureSky Forge Key Partnership to Develop Carbon Credit Registry;
   (w) May 17, 2024: Metasphere Labs Unveils Decentralized Identity System at Consensus 2024 and Announces Carbon Aware Routing Protocol;
   (x) May 21, 2024: Metasphere Labs Unveils Decentralized Identity System at Consensus 2024 and Announces Carbon Aware Routing Protocol;
   (y) May 22, 2024: Metasphere Labs Shares Industry Developments Signaling Major Advancements in Tokenized Real World Assets;
   (z) May 24, 2024: Metasphere Labs Announces Development of Innovative Carbon Credit Protocol for Grid-Scale Batteries;
   (aa) May 30, 2024: Metasphere Labs Appoints Dustin Muscato as Advisor for Carbon Credit Protocol Initiative;
   (bb) May 31, 2024: Metasphere Labs Focuses its Carbon Aware Routing Protocol;

(cc) June 6, 2024: Metasphere Labs Announces Joint LOI with Ecoblox, PureSky, and Bluesphere to Develop Carbon-Aware Routing Protocol;
(dd) June 11, 2024: Metasphere Labs Announces X Spaces Event on the Topic of Green Bitcoin Mining and Sound Money for Sustainability;
(ee) June 13, 2024: Metasphere Labs Announces Change of Director;
(ff) June 21, 2024: Metasphere Labs Enters a Definitive Agreement with ARCannabis to Develop VR Virtual Store;
(gg) July 9, 2024: Metasphere Labs Announces a Definitive Agreement with Ecoblox and PureSky to Develop Carbon-Aware Routing Protocol.

The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Listing Statement and the documents incorporated or deemed to be incorporated by reference herein.

Any statement contained in this Listing Statement or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for the purposes of this Listing Statement, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Listing Statement.

GLOSSARY OF TERMS

The following terms used in this Listing Statement have the following meanings. This is not an exhaustive list of defined terms used in this Listing Statement and additional terms are defined throughout the Listing Statement.

"**2023 Share Consolidation**" means the consolidation of the issued and outstanding Common Shares in the capital of the Company on basis of one (1) new Common Share for every seventy-five (75) old Common Shares, effective on October 6, 2023.

*"***2023 Statement of Executive Compensation"** has the meaning given it under *"Document Incorporated by Reference".*

"**Annual Financial Statements**" has the meaning given it under "*Documents Incorporated by Reference*".

"**Annual MD&A**" has the meaning given it under *"Documents Incorporated by Reference".*

"**affiliate**" means a corporation that is affiliated with another corporation as described below.

- A corporation is an "affiliate" of another corporation if:
  - one of them is the subsidiary of the other; or
  - each of them is controlled by the same person.
- A corporation is "controlled" by a person, if:
  - voting securities of the corporation are held, other than by way of security only, by or for the benefit of that person; and
  - the voting securities, if voted, entitle the person to elect a majority of the directors of the corporation.
- A person beneficially owns securities that are beneficially owned by:
  - a corporation controlled by that person; or
  - an affiliate of that person or an affiliate of any corporation controlled by that person.

"**Applicable Securities Laws**" means all securities and corporate laws, rules, regulations, instruments, notices, blanket orders, decision documents, statements, circulars, procedures and policies that are applicable to the Company.

"**Associate**" has the meaning ascribed to such term under Section 192(1) if the BCBCA.

"**Audit Committee**" means the Company's audit committee.

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

"**BCSC**" mean British Columbia Securities Commission.

"**Board**" or "**Board of Directors**" means the Company's board of directors.

"**CBOE**" means the CBOE Canada Inc.

"**CEO**" means an individual who served as chief executive officer of the Company or performed functions similar to a chief executive officer, for any part of the most recently completed financial year.

"**CFO**" means an individual who served as chief financial officer of the Company or performed functions similar to a chief financial officer, for any part of the most recently completed financial year.

“**Company**” or “**Issuer**” or “**Metasphere**” or “**Metasphere Labs**” means Metasphere Labs Inc., a company incorporated under the BCBCA.

“**Commissions**” means the BCSC, Ontario Securities Commission and the Alberta Securities Commission.

“**Common Shares**” or “**Shares**” mean common shares without par value in the capital of the Company.

“**CSE**” means the Canadian Securities Exchange.

“**Listing Statement**” means this listing statement of the Company, including the Schedules hereto, prepared in support of the listing of the Company on the CSE.

“**NEO**” or named executive officer means each of the following individuals:

- a CEO;
- a CFO;
- in respect of the Issuer and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and
- each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year.

“**NFT**” means non-fungible token.

“**NI 52-110**” means the National Instrument 52-110 - Audit Committees.

“**Stock Option Plan**” means the 20% fixed stock option plan of the Company.

“**person**” means and includes an individual, corporation, partnership, joint venture, society, association, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other juridical entity, or any trustee, executor, administrator, or other legal representative thereof.

“**RSU Plan**” means the restricted share unit plan of the Company.

“**RSUs**” means the restricted share units of the Company.

“**Q1 Financial Statements**” has the meaning given it under “*Documents Incorporated by Reference*”.

“**Q1 MD&A**” has the meaning given it under “*Documents Incorporated by Reference*”.

“**Q2 Financial Statements**” has the meaning given it under “*Documents Incorporated by Reference*”.

“Q2 MD&A” has the meaning given it under “*Documents Incorporated by Reference*”.

“Q3 Financial Statements” has the meaning given it under “*Documents Incorporated by Reference*”.

“**Q3 MD&A**” has the meaning given it under “*Documents Incorporated by Reference*”.

“**SEDAR+**” means the System for Electronic Document Analysis and Retrieval Plus, found at www.sedarplus.ca.

“**Shareholders**” means the holders of the Common Shares.

“**SPA**” means the share purchase agreement dated August 9, 2022 among the shareholders of Web 3.0 Holdings Inc. and the Company.

“**Subsidiaries**” means the direct and indirect subsidiaries of the Company.

“**Stock Options**” means incentive stock options to purchase Common Shares of the Company issued to directors, officers, employees and consultants of the Company.

“**Unit**” means the Units issued under the private placements of the Company as the context requires.

“**U.S.**” or “**USA**” means the United States of America.

“**Warrants**” means the Common Share purchase warrants of the Company.

“**Web 3.0**” means Web 3.0 Holdings Inc.

“**Web 3.0 Consideration Shares”** means 184,363 Common Shares issued to the Vendors at a deemed price of $11.25 per Web 3.0 Consideration Share.

TABLE OF CONCORDANCE

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ADDITIONAL LISTING STATEMENT DISCLOSURE

1. Corporate Structure

A description of the details of the Company's Corporate Structure is set out at page 7 of the Q3 Financial Statements section "*Nature and Continuance of Operations*" and page 10 of the AIF section "*Name, Address and Incorporation*".

As of the date of the Listing Statement, the Company has three (3) wholly-owned subsidiaries:

Subsidiary Name[(1)]	Ownership by Metasphere	Jurisdiction of Incorporation
HOK Technologies Inc. ("**HoK**")	100%	British Columbia
HOK Technologies (BVI) Inc. ("**HOK BVI**")	100%	British Virgin Islands
Web 3.0 Holdings Inc. ("**Web 3.0**")	100%	Ontario

(1) A description of the details of the Subsidiary is set out at page 11 and 12 of the 2023 AIF, section *"Intercorporate Relationships"*.

2. Narrative Description of the Business

2.1 General Development of the Business

Overview

A description of the details is set out at "*Description of Business*" section on the Q3 MD&A.

Intellectual Property

As of the date of this listing statement, the Company believes its properties, namely HouseofKibaa have intangible value, and the necessary and appropriate applications for associated rights are underway. The Company has also taken steps to register the following trademarks associated with the Company's business:

Summary of Trademark Portfolio
Applicant: Looking Glass Labs Ltd.

Matter	VL Ref:	Trademark	Jurisdiction	App. No.
1	T1	LOOKING GLASS LABS	Canada	2,150,389
			US	97/147,026
2	T2	AURA	Canada	
			US	
3	T3	UNFT	Canada	
			US	
4	T4	ADHARA	Canada	
			US	
5	T5	ADHARA & Design	Canada	
			US	

Summary of Trademark Portfolio
Applicant: HOK Technologies Inc.

Matter	VL Ref:	Trademark	Jurisdiction	App. No.
1	T1	HOUSE OF KIBAA	Canada	2,136,381
			US	97/050,010
2	T2	HOK	Canada	2,136,393
			US	97/050,044
3	T3	HK & Design	Canada	2,136,397
			US	97/050,069
4	T4	LOOKING GLASS	Canada	
			US	
5	T5	GENZEROES	Canada	2,140,520
			US	97/127,097
6	T6	GENZEROES & Design	Canada	2,147,378
			US	97/127,294
7	T7	GENX	Canada	2,140,521
			US	97/127,174
8	T8	ORIGIN	Canada	
			US	

Note: The Company changed its name from Looking Glass Labs Ltd. ("Looking Glass") to Metasphere Labs Inc. on February 29, 2024.

Target Market and Commercialization

The Company is uniquely positioned to compete with a market advantage given its branding, relationships, social media following and execution ability, both operational and technical. From a relationship perspective, the Company's current team has a combined 25+ years in the digital asset space and have strong relationships with key players both within the industry and outside. This enables the business to lock in key partnerships. Lastly, from an execution perspective, the team has a strong track record for executing and building profitable businesses from ideation to completion. See "*Risk Factors*" for risk factors related to competitors.

The implementation of digital assets into augmented reality (AR) and virtual reality (VR) represents a value-added combination of two complementary technologies. AR and VR environments grant users a platform to showcase, explore, and interact with metaverses are created as a result. With the possibility of generating profit through increasing asset and real estate values as well as through cash flow associated with the economic activity happening within the virtual worlds, this innovative market is rapidly gaining traction for artists, collectors, and investors alike, generating immense growth in sales and revenues.

2.2 Business Objectives of the Company for the Forthcoming 12-month Period

In the forthcoming 12-month period, the Company will focus on three major projects this year and providing contract development services to third parties. The three in-house projects are: a Carbon-Aware Routing Protocol, a VR Virtual Store software system, and the enhancement of Metasphere's climate SaaS offering, Climate.bot. The Company's goal is to leverage blockchain, metaverse, and AI technologies to drive innovation and sustainability.

Project 1: Carbon-Aware Routing Protocol

Description: The Carbon-Aware Routing Protocol aims to minimize the carbon footprint of data transactions on blockchain networks. By integrating real-time carbon data, this protocol will allow for dynamic routing decisions based on current carbon emissions.

Development Goals:

- Architecture Design: Develop a scalable and efficient system architecture that integrates real-time carbon emission data.
- Prototype Development: Create a working prototype that demonstrates the core functionality of carbon-aware routing.
- Data Integration: Integrate various data sources to provide accurate and real-time carbon footprint information.
- Testing and Optimization: Conduct extensive testing to ensure the protocol's accuracy and efficiency, followed by optimization based on feedback.
- Documentation: Prepare comprehensive documentation for developers and users to facilitate adoption and integration.
- Estimated cost: $50,000 in development fees and $75,000 in consulting fees, anticipated completion of Q2 Calendar 2025.

Project 2: VR Virtual Store

Description: The Company is developing a VR Virtual Store that provides an immersive shopping experience. This store will feature a 3D environment where users can browse products, get detailed information, and make purchases seamlessly.

Development Goals:

- Environment Design: Create a visually engaging and user-friendly 3D store environment.
- User Interaction: Develop intuitive navigation and interaction mechanisms to enhance the user experience.
- Product Integration: Integrate product catalog into the virtual store, including detailed product descriptions, images, and purchasing options.
- Payment System: Implement a secure and efficient payment system that supports various payment methods, including cryptocurrencies.
- User Testing: Conduct user testing sessions to gather feedback and make necessary improvements to the store's design and functionality.
- Launch and Promotion: Prepare for the official launch of the VR Virtual Store and plan promotional activities to attract users.
- Estimated cost: $10,000 in consulting fees, anticipated completion of Q4 Calendar 2024.

Project 3: Climate.bot Enhancement

Description: Climate.bot is a web service that provides users with insights into their carbon footprint and suggestions for reducing it. The Company’s goal is to enhance the service by improving its AI capabilities and expanding its feature set.

Development Goals:

- AI and ML Integration: Integrate AI and machine learning algorithms to provide more accurate and personalized recommendations.
- Feature Expansion: expand the database of the carbon footprint calculator and include informational tips for reducing emissions, and a community forum for users to share ideas.

- User Interface Improvement: Redesign the user interface to make it more intuitive and engaging.
- Mobile App Development: Develop a mobile app version of Climate.bot to reach a wider audience and provide on-the-go access.
- Partnerships: Establish partnerships with environmental organizations to offer users additional resources and incentives for businesses to reduce their carbon footprint.
- Marketing Campaign: Launch a marketing campaign to increase awareness and user engagement with Climate.bot.
- Estimated cost: $50,000 in development fees and $75,000 in consulting fees, anticipated completion Q2 Calendar 2025.

2.3 Milestones

Over the next year, the Company will focus on developing and enhancing these three key projects. By doing so, the Company aims to push the boundaries of technology in the blockchain, metaverse, and AI spaces while promoting sustainability and user engagement. Further, the Company will continue to explore revenue generating activity with its developed Pocket Dimension Metaverse.

2.4 Use of Proceeds

As of July 31, 2024, the Company had working capital of approximately $496,000 and cash balance of approximately $869,000.

The principal use of the available funds, as above, is intended to be as follow over the next 12 months:

Use of Funds	**Amount ($)**
Sales & Marketing	$50,000
General & Administrative Expenses[(1)]	$444,000
Accounts Payable and Loans[(2)]	$200,000
Development fees	$100,000
Unallocated General Working Capital	$75,000
Total	**$869,000**

Notes:

1. General and administrative costs for the next 12 months are expected to comprise: legal fees of $20,000, audit and accounting fees of $84,000, executive management fees and consulting costs of $240,000 stock exchange fees, filing fees, transfer agent costs, corporate expenses, and insurance of $25,000, and other professional and consultant fees of $75,000.
2. Accounts Payable and Loans for the next 12 months includes $86,443.29 for loans and $113,556 for certain accounts payable.

Although the Company intends to expend the funds available to it as set out above, the amount actually expended for the purposes described above could vary depending on future costs. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

3. Selected Consolidated Financials Information

3.1 The Company's Annual Information

The following table sets forth selected financial information for the Company for the years ended July 31, 2023, and 2022 and are set out in Canadian Dollars ($CA). Such information is derived from the financial statements of Metasphere and should be read in conjunction with such financial statements. All financial information set forth in the table can be found on the Company's SEDAR+ profile.

	For the Years Ended July 31	
Operating Data:	**2023**	**2022**
Total revenues	654,957	7,005,238
Total expenses	(6,125,176)	(14,498,593)
Net loss for the year	(12,545,912)	(12,061,658)
Basic and diluted loss per share	(6.88)	(9.21)
Balance Sheet Data:		
Total assets	836,925	7,462,687
Total liabilities	4,940,487	3,974,897

3.2 Quarterly Information

The results for each of the eight most recently completed quarters of the Company ending at the end of the most recently competed quarter ended April 30, 2024, are summarized below:

Quarter Ended	Revenue	Income (Loss)	Income (Loss) per Common Share
April 30, 2024	676,138	203,862	0.01
January 31, 2024	650,695	504,110	0.03
October 31, 2023	651,586	296,268	0.15
July 31, 2023	444,609	(1,305,255)	(0.88)
April 30, 2023	344	(2,838,332)	(1.50)
January 31, 2023	72,938	(6,053,301)	(3.00)
October 31, 2022	137,066	(2,349,024)	(1.42)
July 31, 2022	6,795,278	(5,331,582)	(8.46)

3.3 Dividends

It is not expected that the Company will declare or pay any cash dividends on the common shares in the foreseeable future. It is expected that the directors of the Company will review the dividend policy of the Company from time to time in the context of the Company's earnings, financial condition, capital requirements and other relevant factors, however it is currently intended that the Company will retain all available funds and any future earnings to fund the development and growth of its business.

3.4 Foreign GAAP

This is not applicable to the Company.

<u>**4. Description of Securities**</u>

4.1 Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares.

As of the date of this Listing Statement, the total issued and outstanding share capital of the Issuer consisted of **35,916,754** Common Shares.

Each Common Share ranks equally with all other Common Shares with respect to distribution of assets upon dissolution, liquidation or winding-up of the Issuer and payment of dividends. The holders of the Common Shares will be entitled to one vote for each Common Share on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the directors of the Issuer. The holders of Common Shares have no pre-emptive or conversion rights. The rights attaching to the Common Shares can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of Shareholders called for that purpose.

4.2 Prior Sales

A description of the details of the prior sales of securities by the Company is set out at page 29-30, section 13 "*Share Capital*" of the Annual Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above) for the year ended July 31, 2023.

A description of the details of the prior sales of securities by the Company is set out at page 16, section 11 "*Share Capital*" of the Q1 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above) for the period from August 31, 2023 to October 31, 2023.

A description of the details of the prior sales of securities by the Company is set out at page 16, section 11 "*Share Capital*" of the Q2 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above) for the period from November 1, 2023 to January 31, 2024.

A description of the details of the prior sales of securities by the Company is set out at page 16 -17, section 11 "*Share Capital*" of the Q3 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above) for the period from February 1, 2024 to April 30, 2024.

The following table summarizes the price at which Common Shares (or securities convertible into Common Shares) have been issued from May 1, 2024 to the date of the Listing Statement:

Allotment Date	**Price per Security ($)**	**Number and Type of Security**	**Reason for Issuance**
May 8, 2024	0.10	1,875,000 Units(1)	Exercise of warrants
May 28, 2024	0.10	800,000 Common Shares	Exercise of warrants
May 31, 2024	0.10	50,000 Common Shares	Exercise of warrants
June 7, 2024	0.10	100,000 Common Shares	Exercise of Warrants
June 14, 2024	0.10	800,000 Common Shares	Exercise of Warrants
June 21, 2024	0.10	4,300,000 Common Shares	Exercise of Warrants

July 18, 2024	0.10	500,000 Common Shares	Exercise of Warrants
July 24, 2024	0.10	500,000 Common Shares	Exercise of Warrants
July 30, 2024	0.10	550,000 Common Shares	Exercise of Warrants
August 1, 2024	0.10	200,000 Common Shares	Exercise of Warrants
August 14, 2024	0.10	450,000 Common Shares	Exercise of Warrants
August 21, 2024	0.10	150,000 Common Shares	Exercise of Warrants

(1) Each Unit consists of one Common Share and one Common Share purchase warrants exercisable at $0.10 for a period of two years from issuance of Units.

4.3 Trading Price and Volume

The Company's Common Shares have been listed under CBOE Canada Inc. (the "**CBOE**") since February 3, 2022. The Common Shares also trade on the OTC Pink Sheets and the Frankfurt Stock Exchange. The following sets out trading statistics derived from the CBOE from the date the Company listed on CBOE to the date of the Listing Statement.

Month/Year	**High ($)**	**Low ($)**	**Volume**
August 1, 2024 – August 21, 2024	0.28	0.185	2,713,978
July 2024	0.45	0.205	9,638,568
June 2024	3.19	0.40	15,709,502
May 2024	4.55	1.38	11,868,491
February 1, 2024 – April 30, 2024	1.50	-	1,163,227
November 1, 2023 – January 31, 2024	0.465	-	406,992
August 1, 2023 – October 31, 2023	1.13	0.17	347,089
May 1, 2023 – July 31, 2023	1.88	0.75	84,357
February 1, 2023 – April 30, 2023	4.13	1.5	418,927
November 1, 2022 – January 31, 2023	30.00	3.38	497,112
August 1, 2022 – October 31, 2022	15.75	7.5	95,406
May 1, 2022 – July 31, 2022	31.50	11.25	18,165
February 3, 2022 – April 30, 2022	72.00	30.00	91,997

Note:
The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

In the event that the CSE approves the listing, the Company intends to be traded on the CSE under the symbol "LABZ".

5. Consolidated Capitalization

The following tables sets out the consolidated capitalization of the Company as at the year ended July 31, 2023, the nine months ended April 30, 2024, and the date of Listing Statement, and the accompanying notes and the management's discussion and analysis incorporated by reference in this Listing Statement.

Security	Amount Authorized or to be Authorized	Outstanding as of July 31, 2023 (audited)(1)	Outstanding as of April 30, 2024(1)	Outstanding as of the date of the August 13, 2024(1)
Common Shares	Unlimited	1,985,835	25,641,754	35,916,754
Stock Options (1)	20% of the issued and outstanding	166,444	122,438(2)	155,095(5)
RSUs		30,667	14,665(3)	14,665(6)
Warrants (5)	Unlimited	133,757	19,563,743(4)	9,288,743(7)

Note:

(1) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

(2) As details of the Company's Stock Options is set out at page 18 of the Q3 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above).

(3) As details of the Company's RSUs is set out at page 18-19 of the Q3 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above).

(4) As details of the Company's Warrants is set out at page 17 of the Q3 Financial Statements filed on SEDAR+ (see "*Documents Incorporated by Reference*" above).

(5) 30,105 options of which were issued on October 14, 2021, each option entitles the holder to acquire one additional Common Share of the Company at a price of $7.50 per Common Share until October 14, 2026;
54,325 options of which were issued on February 7, 2022, each option entitles holder to acquire one additional Common Share of the Company at a price of $48.75 per Common Share until February 7, 2027;
666 options of which were issued on March 16, 2022, each option entitles the holder to acquire one additional Common Share of the Company at a price of $60.00 per Common Share until March 16, 2027;
3,333 options of which were issued on April 11, 2022, each option entitles the holder to acquire one additional Common Share of the Company at a price of $56.25 per Common Share until April 13, 2027; and
66,666 options of which were issued on September 13, 2022, each option entitles the holder to acquire one additional Common Share of the Company at a price of $10.50 per Common Share until September 13, 2027.

(6) 1,333 RSUs of which were issued on February 16, 2022, each option entitles the holder to acquire one additional Common Share of the Company until December 18, 2024; and
6,666 RSUs and 6,666 RSUs of which were issued on January 26, 2023, each option entitles the holder to acquire one additional Common Share of the Company until January 26, 2028 and December 18, 2024, respectively.

(7) 66,664 warrants of which were issued on September 15, 2021, each warrant entitles the holder to acquire one additional Common Share of the Company at a price of $7.50 per Common Share until September 15, 2026;
67,079 warrants of which were issued on November 10, 2021, each warrant entitles the holder to acquire one additional Common Share of the Company at a price of $93.75 per Common Share until November 10, 2026; and
9,155,000 warrants of which were issued on November 23, 2023, each warrant entitles the holder to acquire one additional Common Share of the Company at a price of $0.10 per Common Share until November 23, 2025.

6. Options to Purchase Securities

At the Shareholder Meeting dated January 4, 2022, the Shareholders approved the Company Stock Option Plan and Restricted Share Unit Plan (together, the "**Incentive Plans**"). The Incentive Plans provides that the compensation committee may, from time to time, approve the issuance of Options and/or Restricted Stock Units to directors, officers, employees and consultants of the Company and its subsidiaries. The maximum number of Common Shares issuable upon the exercise or redemption and settlement of all awards granted under the Incentive Plan shall not exceed 20% of the issued and outstanding Common Shares of the Company at the time of granting an award.

The Company will seek to re-approve the Incentive Plans at its next annual general meeting of shareholders.

The following table sets out certain information in respect of options to purchase securities of the Company.

Optionee category	Number of Options[1]	Exercise Price[1]	Expiry Date
Former executive officers[2]	1,333 6,666	Nil – RSUs Nil - RSUs	December 18, 2024 December 18, 2024
Directors (who are not executive officers)	6,666	Nil – RSUs	January 26, 2028
Consultants	30,105 54,325 666 3,333 66,666	$7.5 $48.75 $60.00 $56.25 $10.50	October 14, 2026 February 7, 2027 March 16, 2027 April 13, 2027 September 13, 2027
Total	**169,760**		

Note:

(1) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

(2) Pursuant to the RSU Plan, if a Participant resigns to be an Eligible Person, the Expiry Date of any RSUs held by the Participant at the date such Participant ceased to be an Eligible Person, which have not yet been subject to a Trigger Notice and subsequent Award Payout, shall be amended to the earlier of (i) one (1) year after the date such Participant ceased to be an Eligible Person, and (ii) the Expiry Date of such Award.

7. Escrow Securities and Securities subject to resale restrictions

As of the date hereof, the Company does not have any securities held in escrow.

8. Principal Securityholders

As at the date of this Listing Statement, **35,916,754** Common Shares are issued and outstanding. To the best of the Company's knowledge, there are no persons or corporations beneficially owns, directly or indirectly or exercises control or direction over Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company.

9. Directors and Executive Officers

9.1 Name, Occupation and Security Holdings

The following table sets out the name, province and country of residence, position or offices held with the Company, and principal occupation within the preceding five years of each of the Company's directors and executive officers.

Name, Position(s) held, and Province/State and Country of Residence	Principal Occupation	Share Ownership and %
James Henning[1] *White Rock, BC* Director since January 25, 2023	Mr. Henning is a Chartered Accountant and Founder and President of Corpfinance Advisors Inc. since 1984. His areas of expertise includes the retail cannabis, manufacturing, telecommunications, software, biomedical, oil and gas services as well as renewable energy industries. Mr. Henning has served as a CFO and Director for a number of companies listed	Nil Common Shares

	on the TSXV and the CSE over the past several years. Current - Director and CFO of Kore Mining Ltd; CFO of: Alma Gold Inc., First Atlantic Nickel Corp., Live Energy Minerals Corp., and Stellar AfricaGold Inc. Previous – Former CFO of Cloud3 Ventures Inc. (fka. Orthogonal Global Group Inc.); Former CFO of Polaris Northstar Capital Corp, Former Director of Wellbeing Digital Sciences Inc. (formerly, KetamineOne Capital Limited)., Former CFO of Pac Roots Cannabis Corp., Former Director of Fist Carbon Corp.	
Kevin Cornish(1) *Calgary, AB* Director since May 23, 2023	Mr. Cornish is skilled at incorporating many facets of business into his role to maximize his overall value to a company. Mr. Cornish has served as a CFO and Director for a number of companies listed on the TSXV and the CSE over the past several years. Current - Director and CFO of G6 Materials Corp., CFO of Canadian GoldCamps Corp, CFO of Reliq Health Technologies Inc., and CFO of Goat Industries Ltd. Previous – Former CFO of Fiore Cannabis Ltd., and Former COO of High Tide Venture Inc.	Nil Common Shares
Guy Bourgeois(1) *Belnan, NB* Director since June 13, 2024	Owner, investor, advisor, or board member in dozens of businesses over the past 30 years. Current - Director and CEO of G6 Materials Corp.; Director, CEO and interim CFO of Orion Nutraceuticals Inc. Previous – Former COO of Elcora Advanced Materials Corp.; Former CEO and Corporate Secretary of Gold Lion Resources Inc.	Nil Common Shares
Natasha Ingram *Mission, BC* CEO since February 23, 2024	For over 10 years, Mrs. Natasha led brand development at Transparency Digital, a Vancouver-based marketing agency. She is a seasoned consultant on launch, brand development, marketing strategies, acquisition, fundraising and growth.	Nil Common Shares
Francis Rowe *Victoria, BC*	Chartered Professional Accountant. Mr. Rowe has served as a CFO and Director for a number	Nil Common Shares

CFO since August 25, 2021; and Corporate Secretary since November 30, 2021.	of companies listed on the CBOE and the CSE over the past several years. Current - Director and CFO of Valdor Technology International Inc.; Director, CFO and Corporate Secretary of Cult Food Science Corp.	

(1) Member of the Audit Committee.

9.2 Cease Trade Orders and Bankruptcies

Other than described below, to the best of the Company's knowledge, no proposed director or executive officer of the Company, is as of the date hereto, or has been, within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to a cease trade order or similar order or an order that denied the Company access to any statutory exemptions for a period of more than 30 consecutive days (an "Order"), which was issued while the proposed director or executive officer was acting in the capacity as director, CEO or CFO; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

On December 2, 2016, the BCSC issued a cease trade order ("**CTO**") against the Company for failure to file its annual financial statements, the related annual management's discussion and analysis (the "**MD&A**") and CEO and CFO certifications ended July 31, 2016. The CTO was revoked on May 23, 2017.

On November 26, 2018, Fiore Cannabis Ltd ("**Fiore**") was named a respondent in the notice of hearing and temporary order (the "**Temporary Order**") issued by the BCSC against certain issuers (the "**Issuers**"), companies and individuals (the "**Non-Issuer Respondents**"). The notice of hearing alleged, among other things, that the Issuers issued free-trading securities through private placements to the Non-Issuer Respondents relying on the consultant exemption to the prospectus requirement under National Instrument 45-106 (the "**Consultant Exemption**"). The Non-Issuer Respondents claimed to be consultants under the Consultant Exemption and were paid consulting fees pursuant to consulting agreements executed with the Issuers, resulting in the Issuers paying most part of the private placement funds back to the Non-Issuers Respondents. The Temporary Order prohibited the Issuers from relying on the Consultant Exemption in connection with private placements with the Non-Issuer Respondents. The Temporary order was to expire on December 11, 2018, but the BCSC had an application to extend the Temporary Order pending a decision of the BCSC at a hearing on December 7, 2018. On January 15, 2019, the BCSC released its decision indicating that the Temporary Order has not been extended against Fiore. At the time of the Temporary Order, Kevin Cornish was not a director or officer of Fiore.

On December 5, 2022, the BCSC issued a Failure-to-File Cease Trade Order (FFCTO) against Fiore Cannabis Ltd ("**Fiore**"). Fiore failed to file its annual audited financial statements for the nine-month period ended September 30, 2022 and accompanying Management Discussion & Analysis and CEO and CFO certifications prior to the extended filing deadline of November 30, 2022. In response to the FFCTO, the CSE suspended the Fiore's shares trading on the CSE on November 10, 2022. At the time of that the FFCTO was issued, Kevin Cornish was no longer a director and officer of Fiore as he resigned on November 10, 2022. The FFCTO against Fiore is currently outstanding.

On October 31, 2023, the Company was granted a management cease trade order ("**MCTO**") by the BCSC to extend the deadline for filing the annual financial statement, the related MD&A and CEO and CFO certifications ended July 31, 2023. The MCTO was revoked on November 6, 2023.

On June 29, 2022, during the period Mr. Henning was acting as the CFO of i3 Interactive Inc. ("**i3**"), i3 was subject to a MCTO issued by the BCSC for failure to file its annual financial statements, the related MD&A and CEO and CFO certifications ("**i3 Annual Filings**") for the year ended February 28, 2022 within the require time period. The MCTO against i3 is currently outstanding.

On September 2022, during the period Mr. Henning was acting as the CFO of i3, i3 was subject to a CTO issued by the BCSC for failure to file i3 Annual Filings for the year ended February 28, 2022 and for failure to files its interim financial statements, MD&A and CEO and CFO certifications for the period ended May 31, 2022, within the required time period. The CTO against i3 is currently outstanding.

On November 1, 2021, and on November 2, 2021 during the period Mr. Henning was acting as a director of Wellbeing Digital Sciences Inc.("**WellbeingDigital**"), WellbeingDigital was subject to a MCTO issued by the BCSC and the OSC, respectively, for failure to file its annual financial statements, the related MD&A and annual information form for the year ended July 31, 2021 within the require time period. The MCTO against WellbeingDigital was revoked on December 14, 2021 by the BCSC and on December 15, 2021 by the OSC.

On January 31, 2023 and on February 1, 2023, WellbeingDigital was subject to a MCTO issued by the BCSC and the OSC, respectively, for failure to file its annual financial statements, the related MD&A, and annual information form for the year ended October 31, 2022 within the require time period. The MCTO against WellbeingDigital is currently outstanding. Mr. Henning was no longer a director and/or officer of WellbeingDigital as he resigned in November 2022.

On April 5, 2023, WellbeingDigital was subject to a CTO issued by the BCSC for failure to file its annual financial statements, the related MD&A, and annual information form for the year ended October 31, 2022 and its interim financial report for the period ended January 31, 2023 within the require time period. The CTO against WellbeingDigital is currently outstanding. Mr. Henning was no longer a director and/or officer of WellbeingDigital as he resigned in November 2022.

Mr. Henning was CFO of True Zone Resources Inc. ("**True Zone**") on September 10, 2015, when, a cease trade order was issued to True Zone and its insiders by the BCSC due to True Zone's failure to file its comparative financial statements and related MD&A for the financial year ended April 30, 2014. True Zone was delisted on April 19, 2016.

James Henning was CFO of Intrusion Precious Metals Corp. (fka. Major Precious Metals Corp.) ("**Intrusion**") on January 12, 2023, when, a cease trade order was issued to Instrusion and its insiders by the BCSC due to Intrusion's failure to file its comparative financial statements and related MD&A for the financial year ended September 30, 2022. The CTO was partially revoked on April 8, 2024.

The directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Annual MD&A.

9.3 Corporate Bankruptcies

No directors (or any personal holding company of such director), is, as of the date of this Listing Statement, or has been within ten years before the date of this Listing Statement, a director or executive officer of any company (including the Company) that, while such director was acting in that capacity, or 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.

9.4 Personal Bankruptcies

No director (or any personal holding company of such director), has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 such director.

9.5 Penalties or Sanctions

No director (or any personal holding company of such director), has been subject to:

(a) 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
(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

9.6 Management of Junior Issuers

The following is a brief description of each of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date hereof experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company, as applicable:

James Henning – Director of the Company

Mr. Henning is a Chartered Accountant and Founder and President of Corpfinance Advisors Inc. since 1984. His areas of expertise include the retail cannabis, manufacturing, telecommunications, software, biomedical, oil and gas services as well as renewable energy industries. Mr. Henning has served as a CFO and Director for a number of companies listed on the TSXV and the CSE over the past several years.

Mr. Henning is an independent director of the Company, and 20% of his time will be devoted to the Company.

Kevin Cornish – Director of the Company

Mr. Cornish is an international public company CFO. Mr. Cornish holds an MBA from Saint Mary's University in Halifax where he also earned his CPA designation. Paired with his HR designation, Mr. Cornish is skilled at incorporating many facets of business into his role to maximize his overall value to a company. Mr. Cornish has served as a CFO and Director for a number of companies listed on the TSXV and the CSE over the past several years.

Mr. Cornish is an independent director of the Company, and 20% of his time will be devoted to the Company.

Guy Bourgeois – Director of the Company

Mr. Bourgeois possesses a unique combination of business acumen and technical expertise, with a broad vision and the determination to meet sustainability objectives. He holds a Business Administration Degree from University of Moncton. With a commitment to environmental stewardship and a passion for innovative solutions, he has dedicated over 25 years to driving sustainable growth in the tech industry. As a seasoned professional, he has held pivotal roles in leading technology companies, leveraging cutting-edge advancements to address pressing environmental challenges. Throughout his career, Mr. Bourgeois has been instrumental in developing and implementing sustainable technologies that reduce carbon footprints, promote renewable energy, and foster eco-friendly practices. His work has consistently focused on integrating green innovations into mainstream technology, ensuring that progress and sustainability go hand in hand. Mr. Bourgeois's extensive experience includes securing funding for green tech initiatives, collaborating with government agencies to obtain grants, and leading global business development efforts that prioritize sustainability. Their strategic vision and hands-on approach have made a significant impact on the industry, positioning him as a thought leader in the intersection of technology and sustainability. Mr. Bourgeois has served as a CEO and Director for a number of companies listed on the TSXV and the CSE over the past several years.

Mr. Bourgeois is an independent director of the Company, and 20% of his time will be devoted to the Company.

Natasha Ingram – CEO of the Company

Mrs. Ingram was the founder of the digital agency, Transparency Digital, showcasing her strategic vision and execution prowess. She holds a Marketing Management Degree from British Columbia Institute of Technology. In her role, Mrs. Ingram is set to direct the Company's innovative efforts in developing cutting-edge Open Metaverse applications and digital assets, leveraging the power of Unreal Engine development and blockchain technology.

Mrs. Ingram is the CEO of the Company, and 80% of her time will be devoted to the Company.

Francis Rowe – CFO and Corporate Secretary of the Company

Mr. Rowe is a Chartered Professional Accountant and holds a Bachelor of Science degree from the University of Northern British Columbia. He has provided accounting and tax services to a wide range of business and personal clients. In addition, he currently serves as a Director and Chief Financial Officer for several public and private entities.

Mr. Rowe is the CFO of the Company, and 25% of his time will be devoted to the Company.

9.7 Directorships

The directors of the Company that are currently serving on boards of the following other reporting companies (or equivalent) is as set out below:

Name of Directors	Names of Other Reporting Issuers	Securities Exchange
James Henning	Kore Mining Ltd.	TSX-V

Kevin Cornish	G6 Materials Corp.	TSX-V
Guy Bourgeois	G6 Materials Corp. Orion Nutraceuticals Inc.	TSX-V CSE

9.8 Conflicts of Interest

To the best of the Company's knowledge, the Company is not aware of any existing or potential material conflicts of interest between the Company and any of the directors or officers of the Company as of the date hereof. However, the Company provides no assurance that its directors and officers will not have conflicts of interest from time to time. The Company's directors and officers may serve as directors or officers of other mineral exploration and development companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Company's directors and management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Therefore, if a conflict of interest arises at a Board meeting, the director in conflict will abstain from voting for or against any resolution involving any such conflict. Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will also not take part in any Board discussion respecting that contract or transaction. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

9.9 Audit Committee Disclosure

The Issuer's Audit Committee consists of James Henning, Kevin Cornish and Guy Bourgeois each of whom is a director and financially literate in accordance with National Instrument 52-110 Audit Committees ("NI 52-110"). Mr. Henning, Mr. Cornish, and Mr. Bourgeois are independent, as defined under NI 52-110. Mr. Henning is the chair of the Audit Committee.

The Board of Directors of the Issuer may from time to time establish additional committees.

10. Indebtedness of Directors and Executive Officers

As of the date of this Listing Statement, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company.

11. Capitalization

Issued Capital

The following table sets out the Company's capitalization as of the date of the Listing Statement.

	Number of Securities (non-diluted)	**Number of Securities (fully diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully-diluted)**
Public Float				

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	% of Issued (non-diluted)	% of Issued (fully-diluted)
Total outstanding (A)	35,916,754	45,375,257	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)	Nil	6,666	Nil %	0.02%
Total Public Float (A-B)	35,916,754	45,368,591	100%	99.98%
Freely-Tradeable Float Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	0	0	0%	0%
Total Tradeable Float (A-C)	35,916,754	45,375,257	100%	100%

Public Securityholders (Registered)

For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	247	2,004
100 – 499 securities	5	1,176
500 – 999 securities	-	-
1,000 – 1,999 securities	2	3,083
2,000 – 2,999 securities	3	7,332

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
3,000 – 3,999 securities	2	6,933
4,000 – 4,999 securities	3	12,179
5,000 or more securities	8	3,547,307
Total	**270**	**3,580,014**

Public Securityholders (Beneficial)

For the purposes of this report, "public securityholders (beneficial)" includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary. The table below does not include "non-public securityholders" being those persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	5,651	128,671
100 – 499 securities	2,187	471,145
500 – 999 securities	610	396,911
1,000 – 1,999 securities	530	675,431
2,000 – 2,999 securities	221	512,166
3,000 – 3,999 securities	100	325,325
4,000 – 4,999 securities	61	260,655
5,000 or more securities	274	30,414,130
Unable to Confirm		2,732,320
Total	**9,634**	**35,916,754**

Non-Public Securityholders (Registered)

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

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-

Class of Security		
Size of Holding	**Number of holders**	**Total number of securities**
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	-	-
Total	**Nil**	**Nil**

Provide the following details for any securities convertible or exchangeable into any class of listed securities.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options to purchase Common Shares	155,095(1)	155,095
RSUs convertible into Common Shares	14,665(2)	14,665
Warrants	9,288,743(3)	9,288,743

(1) Refer to note (5) on section 5. Consolidated Capitalization.
(2) Refer to note (6) on section 5. Consolidated Capitalization.
(3) Refer to note (7) on section 5. Consolidated Capitalization.

Provide details of any listed securities reserved for issuance that are not included in section 14.2.

None.

12. Risk Factors

Refer to section "*Risk Factors*" on the Q3 MD&A.

13. Promotors

Natasha Ingram, the Company's CEO, may be considered to be a Promoter of the Company in that she took the initiative in organizing the current business of the Company. Mrs. Ingram is the registered and beneficial owner of Nil Common Shares.

Other than as disclosed above, no person who was a Promoter of the Company:

1. received anything of value directly or indirectly from the Company;

2. sold or otherwise transferred any asset to the Company within the last 2 years;

3. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO;

4. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the person ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in the capacity as director, CEO or CFO;

5. is at of the date hereof, or was within 10 years before the date hereof, a director or executive officer of any person or company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the 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 or receiver manager or trustee appointed to hold its assets;

6. has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 person;

7. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

8. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

14. Legal Proceedings and Regulatory Actions

14.1 Legal Proceedings

Other than as disclosed below, there are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated other than the information provided below.

On April 6, 2023, the Company, Dorian Banks - former CEO, Francis Rowe - CFO and Corporate Secretary and Lucas Stemshorn-Russell – a former director of the Company and other unrelated named defendants – were served with a Notice of Civil Claim (the "**Claim**") by Thanh Khiet (Jason) Nguyen ("**Mr. Nguyen**").

Mr. Nguyen is claiming civil fraud / fraudulent misrepresentation, breach of contract, civil conspiracy and is seeking remedy under section 227 of the BCBCA. The Company and the named defendants intend to defend the Claim; a response to the Claim has been filed and the Company has hired legal representation.

During the year ended July 31, 2023, a claim was commenced against the Company by Permanent Enterprises Limited. The claim is brought against the Company for breach of an office lease. During fiscal 2024, the Company settled the claim by paying Permanent Enterprises Limited $60,000 for previously owed rent.

14.2 Regulatory Actions

To the knowledge of the Company, no director, officer or promoter of the Company, or a securityholder holding sufficient securities of the Company to affect materially the control of the Company, has:

(a) 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

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder.

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority, as of this date.

15. Interest of Management and Others in Materials Transactions

Except as otherwise disclosed in this Listing Statement, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Common Shares or who exercises control or direction of Common Shares, or a combination of both carrying more than ten percent of the voting rights attached to the outstanding Common Shares (an "**Insider**"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of the Company Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all Shareholders.

16. Auditors, Transfer Agents and Registrars

WDM Chartered Professional Accountants (the "**Auditor**") at its principal office located at 1501 W Broadway, Vancouver, BC V6J 4Z6 is the auditor of the Company. The Auditor, of Vancouver, British Columbia has served as the auditor for the Company since November 8, 2021.

The transfer agent and registrar for the Common Shares is Endeavor Trust Company. at its principal office located at Suite 760, 777 Hornby Street, Vancouver, BC, V6Z 1S4.

17. Materials Contracts

On August 9, 2022, the Company entered into the SPA to acquired 100% of the issued and outstanding securities of Web 3.0, a technology company that is addressing B2C and B2B infrastructure challenges within Web3 environments (the "**Acquisition**"). The Company agreed to pay the shareholders of Web 3.0 an aggregate of up to $3.15 million, payable in Common Shares of the Company at a deemed price per Common Share equal to the closing price on the day prior to the agreement date. On September 8, 2022, the Company entered into the SPA and completed the Acquisition. In accordance with the SPA, as consideration for the Acquisition, the Company issued an aggregate 184,363 Common Shares(1) at a deemed price of $11.25(1) per Common Share. The Company relied on Section 2.16 of the National Instrument – Prospectus Exemptions, also known as the take-over bid prospectus exemption in connection with the issuance of the consideration shares. A description of the details of the SPA was posted on the SEDAR+ dated February 23, 2023.

Note:

(1) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

18. Other Material Facts

There are no material facts about the Company and its securities that are not disclosed in this listing statement, including the documents incorporated herein by reference, that are necessary in order this listing statement to contain full, true and plain disclosure of all material facts relating to the Company and its business.

All of the information disclosed in the AIF and Circular that are incorporated by reference is up to date as at the date of this listing statement except where it has been updated by information disclosed under Additional Listing Statement Disclosure.

CERTIFICATE OF THE COMPANY

Pursuant to a resolution duly passed by its Board of Directors, Metasphere Labs Inc., hereby applies for the listing of the above-mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Metasphere Labs 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 this 30th day of August, 2024.

/s/ "Natasha Ingram"

Natasha Ingram, Chief Executive Officer

/s/ "Francis Rowe"

Francis Rowe, Chief Financial Officer

/s/ "James Henning"

James Henning, Director

/s/ "Kevin Cornish"

Kevin Cornish, Director

/s/ "Guy Bourgeois"

Guy Bourgeois, Director

Schedule "A"

Charter of the Audit Committee

LOOKING GLASS LABS LTD.
(the "**Company**")

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the audit committee (the **"Audit Committee"**) of the directors of the Company (the "**Board**") is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and Chief Executive Officer and any other key financial executives involved in the financial reporting process.

3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.

8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.

11. Establish and review the Company's procedures for the:

    - receipt, retention and treatment of complaints regarding accounting, financial disclosure,
    - internal controls or auditing matters; and
    - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.

Schedule "B"

Consolidated Financial Statements for years ended July 31, 2023 and 2022

LOOKING GLASS LABS LTD.

Consolidated Financial Statements
Years ended July 31, 2023 and 2022
Expressed in Canadian Dollars

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

SERVICE

INTEGRITY

TRUST

To the Shareholders of:
LOOKING GLASS LABS LTD.

Opinion
We have audited the consolidated financial statements of Looking Glass Labs Ltd. and its subsidiaries (collectively the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023, and 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years 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 July 31, 2023, and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 net loss of $12,545,912 during the year ended July 31, 2023, and as of that date, had accumulated losses since inception of $25,211,782. 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Revenue from Contracts with Customers and Deferred Revenue from NFT Sales
Key Audit Matter Description
The total revenues of the Company for the year ended July 31, 2023, amount to $654,957. The Company recognizes revenue from consulting contracts with customers and deferred revenue recognized from sales of Non-Fungible Tokens ("NFT's") in accordance with IFRS 15 "Revenue from Contracts with Customers" as disclosed in Significant Accounting Policies Note 2. This standard introduces a principles-based framework for recognizing revenue based on the transfer of control of promised goods or services. We considered this to be a key audit matter due to materiality and the judgments and estimates made by management in determining the timing of deferred revenue recognition.

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WDM

Further disclosure regarding the Company’s revenue and deferred revenue is described in Notes 2 and 18 to the consolidated financial statements.

Audit Response

We responded to this matter by conducting a detailed assessment of the Company’s revenue recognition process. Our audit work in relation to this included, but was not restricted to, the following:

- Understanding of Contracts and Revenue Streams: We obtained an understanding of the Company's contracts with customers, including the Terms of Service Agreement, the Company’s smart contract deployed on the blockchain related to prior year’s NFT sales, and performed analysis to identify all revenue streams to determine timing of revenue recognition.
- Evaluation of Performance Obligations: We evaluated management's identification and separation of performance obligations in contracts, ensuring that obligations are appropriately accounted for.
- We performed testing of revenue recognized per revenue stream and obtained evidence of the respective performance obligation being fulfilled.
- Allocation of Transaction Price: We assessed the allocation of transaction price to performance obligations, including variable consideration and constraint assessment.
- Our testing included agreeing amounts to customer contracts, invoices and cash receipts, and verifying the timing of revenue recognition.
- We performed analytical review of deferred revenue recognized based on evidence obtained of performance obligations being fulfilled.
- Review of Disclosures: We scrutinized the completeness and accuracy of revenue-related disclosures, ensuring they meet the requirements of IFRS 15.

Evaluation of Indicators of Impairment for Goodwill and Indefinite-Lived Intangible Assets
Key Audit Matter Description

The carrying value of goodwill and indefinite-lived intangible assets of the Company was $Nil as of July 31, 2023. The carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment and is material to the financial position of the Company. The carrying value of goodwill and indefinite-lived intangible assets are considered a key audit matter due to the significance of the carrying values and management judgment involved in assessing the recoverable value during impairment testing under IAS 36 Impairment of Assets. As such, a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment was required.

Further disclosure regarding the Company’s intangible assets and goodwill is described in Notes 2 and 9 to the consolidated financial statements.

Audit Response

We responded to this matter by assessing whether the Company should recognize any impairment to goodwill and indefinite-lived intangible assets, evaluating key assumptions in management’s models and methodologies applied. Our audit work in relation to this included, but was not restricted to, the following:

- Confirmed the methodologies in models used were consistent with accepted valuation approaches.
- Evaluated and challenged management’s key underlying assumptions and projections.
- Reperformed calculations within the valuation models and evaluated the resulting estimates.
- Scrutinized the appropriateness, accuracy and completeness of the disclosures ensuring that users of the consolidated financial statements are provided with reliable information in the notes to the consolidated financial statements.

Promissory Note Receivable
As part of the sale of its subsidiary GenZeroes Productions Inc., the Company received a Promissory Note Receivable for $800,000. The note represents a contractual promise by a borrower to repay a specified amount at a future date, with interest. The key audit matter pertains to the valuation involving significant management estimates, recoverability of the Promissory Note, as well as the adequacy of the disclosures regarding the terms of the note and any associated risks. The carrying value of the promissory note receivable was $Nil as of July 31, 2023.

Further disclosure regarding the promissory note receivable is provided in Notes 2 and 7 to the consolidated financial statements.

Audit Response
We responded to this matter by addressing the valuation of the Promissory Note Receivable, the reasonableness of management assumptions used in the valuation, as well as by obtaining evidence of recoverability of the promissory note receivable. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained an understanding and examined the terms of the agreement associated with the promissory note, including reviewing the instrument, terms, interest and repayment schedules and applicable guarantees as well as evidence of its existence.
- Assessed and reperformed the valuation of the promissory note, evaluating management's inputs and assumptions used to ensure it is recorded at fair value.
- Assessed the promissory note for recoverability by examining available evidence on the financial position of the borrower, to determine the borrower's ability to meet the contractual obligations.
- Performed assessment of indicators for provision of expected credit losses associated with the promissory note receivable, to ensure correct carrying amount.

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.

Emphasis of Matter – Restated Comparative Information
We draw attention to Note 22 to the consolidated financial statements, which explains that certain comparative information presented for the year ended July 31, 2022, has been restated. Our opinion is not modified in respect of this matter.

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.

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.

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.
November 1, 2023

LOOKING GLASS LABS LTD.
Consolidated Statements of Financial Position
As at July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023 $	2022 $ *As restated - Note 22*
ASSETS			
Current assets			
Cash and cash equivalents		**46,979**	308,035
Accounts receivable		**110,658**	215,152
Digital assets	6	**21,951**	154,302
Prepaid expenses		**73,790**	307,079
		253,378	984,568
Non-current assets			
Right-of-use assets	10	**226,754**	396,819
Property and equipment	8	**35,553**	60,636
Deferred contract costs	18	**321,240**	385,487
Intangible assets	9	**-**	2,311,768
Goodwill	3,9	**-**	3,323,409
Total assets		**836,925**	7,462,687
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11,14	**1,137,010**	907,646
Due to related parties	14	**14,233**	14,233
Loans payable	12	**1,374,415**	40,000
Lease liabilities – current portion	10	**176,065**	164,544
		2,701,723	1,126,423
Non-current liabilities			
Lease liabilities	10	**67,854**	243,919
Deferred revenue	18	**2,170,910**	2,604,555
Total liabilities		**4,940,487**	3,974,897
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	13	**17,444,673**	13,339,178
Reserve	13	**3,720,574**	2,830,107
Warrant reserve	13	**9,762**	9,762
Accumulated other comprehensive loss		**(66,789)**	(25,387)
Deficit		**(25,211,782)**	(12,665,870)
Total shareholders' (deficiency) equity		**(4,103,562)**	3,487,790
Total liabilities and shareholders' (deficiency) equity		**836,925**	7,462,687

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 24)

Approved by the board of directors and authorized for issue on November 1, 2023:

"James Henning"
James Henning, Director

"Kevin Cornish"
Kevin Cornish, Director

LOOKING GLASS LABS LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		$	$
			As restated - Note 22
Revenues			
NFT sales	18	434,093	6,245,675
Royalty income	18	5,534	496,964
Design services income	18	215,330	262,599
Total revenues		654,957	7,005,238
Cost of revenues		(109,884)	(723,250)
Gross profit		545,073	6,281,988
Expenses			
Amortization	9	106,830	84,301
Depreciation	8,10	195,147	133,941
Consulting fees	14	104,547	521,980
Corporate development fees	14	421,768	757,269
Development costs	19	140,034	1,855,368
Foreign exchange loss		1,942	21,172
Interest expense		113,163	27,290
Marketing	20	456,463	2,506,255
Office expenses		322,572	829,800
Professional fees	14	603,166	720,237
Stock-based compensation	13,14	2,566,481	5,970,048
Transfer agent and filing fees		170,279	216,088
Wages and salaries		922,784	854,844
Operating expenses		**6,125,176**	**14,498,593**
Loss before other items for the year		**(5,580,103)**	**(8,216,605)**
Other income (loss)			
Acquisition costs	3	-	(375,000)
Change in fair value of contingent liability	3	-	533,450
Change in revaluation of digital assets	6	2,860	(355,158)
Impairment of goodwill	9	(3,323,409)	-
Impairment losses	7,9	(3,277,799)	(4,104,000)
Interest income	7	24,516	-
Loss on use of digital assets	6	(7,650)	(41,264)
Gain on settlement of debt	13	220,500	5,000
Loss on disposal of equipment	8	-	(330,560)
Loss on control of subsidiary	5	(428,307)	-
Other income (loss)		(14,815)	(62,362)
Loss from continuing operations		**(12,384,207)**	**(12,946,499)**
Loss from discontinued operations		**(161,705)**	**(377,409)**
Loss before income tax		**(12,545,912)**	**(13,323,908)**
Deferred income tax recovery		**-**	1,262,250
Net loss for the year		**(12,545,912)**	**(12,061,658)**
Loss per share from:			
Continuing operations		(6.79)	(8.92)
Discontinued operations		(0.09)	(0.29)
Total loss per share, basic and diluted		**(6.88)**	**(9.21)**
Weighted average number of common shares outstanding:			
Basic and diluted		1,823,531	1,309,875

LOOKING GLASS LABS LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023 $	2022 $ *As restated - Note 22*
Net loss		**(12,545,912)**	**(12,061,658)**
Other comprehensive loss			
Exchange differences on translation of foreign operations from continuing operations		(41,402)	(25,387)
Net comprehensive loss for the year		**(12,587,314)**	**(12,087,045)**

LOOKING GLASS LABS LTD.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

		Share capital						
	Note	Number of shares	Amount $	Reserve $	Warrant reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, July 31, 2021	24	460,807	456,899	-	-	-	(604,212)	(147,313)
Common shares issued for cash	13	348,000	4,010,000	-	-	-	-	4,010,000
Share issuance costs	13	1,946	(25,662)	-	9,762	-	-	(15,900)
Shares issued to acquire HOK	3	600,000	3,453,000	-	-	-	-	3,453,000
Shares issued for finder's fees	3	30,000	225,000	-	-	-	-	225,000
Shares issued to settle debt	13	2,667	20,000	-	-	-	-	20,000
Shares issued upon exercise of warrants	13	6,667	50,000	-	-	-	-	50,000
Shares issued upon exercise of options	13	1,133	17,441	(7,441)	-	-	-	10,000
Shares issued upon RSU conversion	13	59,667	3,132,500	(3,132,500)	-	-	-	-
Shares issued for earn out payment	13	34,563	2,000,000	-	-	-	-	2,000,000
Share-based compensation	13	-	-	5,970,048	-	-	-	5,970,048
Net loss for the year		-	-	-	-	(25,387)	(12,061,658)	(12,087,045)
Balance, July 31, 2022 *(as restated - Note 22)*		**1,545,450**	**13,339,178**	**2,830,107**	**9,762**	**(25,387)**	**(12,665,870)**	**3,487,790**
Shares issued to acquire Web 3.0	4	184,363	1,935,815	-	-	-	-	1,935,815
Shares issued to settle debt	13	98,000	147,000	-	-	-	-	147,000
Shares issued upon exercise of options	13	19,556	255,806	(109,140)	-	-	-	146,666
Shares issued upon exercise of warrants	13	26,667	200,000	-	-	-	-	200,000
RSU conversion	13	111,800	1,566,874	(1,566,874)	-	-	-	-
Share-based compensation	13	-	-	2,566,481	-	-	-	2,566,481
Net loss for the year		-	-	-	-	(41,402)	(12,545,912)	(12,587,314)
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**3,720,574**	**9,762**	**(66,789)**	**(25,211,782)**	**(4,103,562)**

Subsequent to July 31, 2023, the Company completed a one-for-seventy-five common share consolidation (Note 24).
All references to share capital and per share data have been adjusted retrospectively to reflect the Company's share consolidation.

LOOKING GLASS LABS LTD.
Consolidated Statements of Cash Flows
For the years ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
		(As restated - Note 22)
Operating activities		
Net loss for the year	(12,545,912)	(12,061,658)
Adjustments for non-cash items:		
Interest expense	113,155	27,290
Change in fair value of contingent liability	-	(533,450)
Digital assets converted to fiat currency	110,634	7,525,411
Digital assets received for sales	(5,534)	(6,125,611)
Digital assets received for which revenue was deferred upon acquisition of HOK	-	(603,209)
Digital assets paid for services	22,907	1,114,263
Impairment of goodwill	3,323,409	-
Impairment losses	3,277,799	4,104,000
Deferred income tax recovery	-	(1,262,250)
Interest income	(24,516)	-
Amortization	207,746	107,416
Depreciation	195,148	133,941
(Gain) loss on use of digital assets	7,650	41,264
Loss on loss of control of subsidiary	428,307	-
Change in revaluation of digital assets	(2,860)	355,158
Shares issued for acquisition costs	-	225,000
Share-based compensation	2,566,481	5,970,048
Gain on forgiveness of debts	(220,500)	(5,000)
Loss on sale of equipment	-	330,560
Changes in non-cash working capital items:		
Amounts receivable	104,923	(214,523)
Prepaid expenses	261,425	(307,079)
Accounts payable and accrued liabilities	493,056	764,547
Due to related parties	-	(155,767)
Deferred revenue	(434,092)	308,649
Deferred contract costs	64,247	(385,487)
Net cash flows used in operating activities	(2,056,527)	(646,486)
Investing activities		
Loans receivable	-	(100,539)
Repayment of contingent liability	-	(750,000)
Additions of internally developed software	(451,339)	(1,848,185)
Purchase of equipment	-	(505,499)
Sale of equipment	-	92,664
Cash received pursuant to acquisition of a subsidiary	804,460	225,558
Cash disposed on loss on control of a subsidiary	(268)	-
Net cash flows provided by (used in) investing activities	352,853	(2,886,001)
Financing activities		
Loans (repaid), net	(293,750)	(65,000)
Lease payments	(112,895)	(129,023)
Loans received	1,544,000	-
Proceeds from share issuances	-	3,994,100
Proceeds from exercise of warrants and options	346,666	60,000
Net cash flows provided by financing activities	1,484,021	3,860,077
Increase (decrease) in cash	(219,653)	327,590
Effects of foreign exchange on cash	(41,403)	(21,997)
Cash, beginning of the year	308,035	2,442
Cash, end of the year	**46,979**	**308,035**

LOOKING GLASS LABS LTD.
Consolidated Statements of Cash Flows
For the years ended July 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
		(As restated - Note 22)
Other Supplementary Information		
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

1. Nature and Continuance of Operations

Looking Glass Labs Ltd. (formerly BluKnight Aquafarms Inc.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On October 8, 2021, the Company changed its name from BluKnight Aquafarms Inc. to Looking Glass Labs Ltd. The Company changed its name from 1040426 BC Ltd to BluKnight Aquafarms Inc. on July 12, 2017. Looking Glass Labs is a digital platform specializing in non-fungible token ("NFT") architecture, immersive extended reality ("XR") metaverse design, and virtual asset royalty streams. Its leading brand, House of Kibaa ("HOK"), designs and curates a next-generation metaverse for 3D assets, which allows functional art and collectibles to exist simultaneously across different NFT blockchain environments. The HOK studio provides utilities and platform tools that enable users to showcase their individual style and NFT collections within a proprietary metaverse.

The head office, principal address, records office and registered address of the Company are located at 1890 – 1075 West Georgia Street, Vancouver BC.

Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations beyond a twelve-month period. Management's plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations. If necessary, the Company will curtail spending.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the year ended July 31, 2023, the Company incurred a net comprehensive loss of $12,587,314 (2022 – $12,087,045), and had an accumulated deficit of $25,211,782 (2022 – $12,665,870) and a working capital deficiency of $2,448,346 as at July 31, 2023 (2022 – $141,855).

The Company's ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

2. Statement of Compliance and Significant Accounting Policies

These consolidated financial statements were approved and authorized for issue on November 1, 2023 by the directors of the Company.

Statement of Compliance

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

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The significant accounting policies set out in Note 2 have been applied consistently to all periods presented.

2. Statement of Compliance and Significant Accounting Policies (continued)

Basis of Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified where applicable. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of Incorporation	Interest 2023	Interest 2022	Functional Currency
Genzeroes Productions Inc.	Canada	0%	100%	Canadian Dollars
HOK Vietnam Company Limited	Vietnam	0%	100%	Vietnamese Dong
Web 3.0 Holdings Corp. (inactive)	Canada	100%	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	100%	Canadian Dollars

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. Each entity determines its own functional currency, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies
Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized immediately in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars from their functional currency at the exchange rate prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the exchange rates approximating those in effect on the date transactions occurred. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings as part of the gain or loss on disposal.

2. Statement of Compliance and Significant Accounting Policies (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's consolidated financial statements include the following:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgment of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 6). Digital assets are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from www.etherscan.io. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the Black-Scholes option pricing model. The Company also uses judgment to estimate probability of achieving vesting conditions of restricted stock units ("RSUs").

Business combinations
Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

2. Statement of Compliance and Significant Accounting Policies (continued)

Leases
Determining whether a lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgment in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15 - Revenue from Contracts with Customers.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits that are redeemable or with original maturities of three months or less.

Leases

The Company accounts for leases under IFRS 16 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Deferred Contract Costs

The Company defers contract costs that are direct and incremental to obtaining user contracts. Deferred contract costs consist of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These fees for initial contracts are amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized. The Company classifies deferred contract costs as short-term or long-term based on when the Company expects to recognize the expense. Short-term and long-term deferred contract costs are included on the Company's consolidated statements of financial position. Deferred contract costs are periodically reviewed for impairment.

2. Statement of Compliance and Significant Accounting Policies (continued)

Financial Instruments

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of a debt instrument is driven by the Company's business model for managing its financial assets and their contractual cash flow characteristics. Equity instruments that are held-for trading are classified as at 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 FVTOCI. 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 if the Company has opted to measure them at FVTPL.

Measurement
Financial assets and liabilities at amortized cost – Financial assets and liabilities classified as amortized cost include cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable. Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL - Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI") - Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Statement of Compliance and Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Fair value hierarchy
Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Equipment

Equipment consists of computer equipment and furniture and fixtures and is recorded at cost and depreciated annually at rates calculated to depreciate the assets over their estimated useful lives. Computer equipment and furniture and fixtures are depreciated over a useful life of 3 years.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit (“CGU”) or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the consolidated statements of loss and comprehensive loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

2. Statement of Compliance and Significant Accounting Policies (continued)

Intangible Assets

The Company owns intangible assets consisting of an acquired NFT's intellectual property, an internally generated film series, acquired platform and internally generated platforms. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with a business combination are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses.

Acquired NFTs consist of NFTs purchased by the Company from third parties which allows the Company to use their intellectual property for development purposes and are carried at cost.

Investment in a film series includes the unamortized costs of producing a live-action NFT based series produced by the Company. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned.

Certain costs incurred in connection with the development of internally generated digital platforms are capitalized to intangible assets as development costs. Intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets, less accumulated amortization and accumulated impairment losses, if any. The costs mainly include the compensation paid to the software developers.

Costs of producing a film series and costs to develop digital platforms are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product;
- it can be demonstrated how the product will generate future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the product during its development can be reliably measured.

The costs of auxiliary items and accessories that are not sold are expensed as these items are not expected to generate future economic benefits.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in operations as incurred. Intangible assets with finite lives are amortized over the lower of contractual period or useful economic life and assessed for impairment at each reporting date or whenever there is an indication that the intangible asset may be impaired.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least quarterly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives of 1-7 years.

2. Statement of Compliance and Significant Accounting Policies (continued)

Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life 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. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill and indefinite lived intangible assets.

Business Combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the consolidated statements of loss and comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Capital Stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Unit Offerings

The Company records proceeds from unit offerings consisting of common shares and equity classified share purchase warrants as share capital. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrant reserve.

2. Statement of Compliance and Significant Accounting Policies (continued)

Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options granted to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees, including finders' warrants, share-based payments are measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued.

Income Tax

(i) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Income Tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be antidilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

2. Statement of Compliance and Significant Accounting Policies (continued)

Revenue Recognition

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), provides revenue recognition requirements and established principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer.
2. Identifying the performance obligations within the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company's revenue recognition policies for its three streams of revenue are as follows:

1. For NFT sales, an assessment is made at the execution of each contract to determine whether:
   i) the performance obligations are satisfied over time, or
   ii) the performance obligations are satisfied at a point in time.

   For NFT sales for which the NFT represents the sole performance obligation, the Company recognizes its revenue at a point in time. The Company grants its NFT holders non-exclusive, non-sublicensable, non-transferrable, revocable, limited license to use its products. When performance obligations are satisfied at a point in time, revenue is recognized when all of the aforementioned recognition criteria are met.

   For NFT sales for which the NFT must be combined with additional promises to create a single performance obligation, the combined performance obligation is recognized over time as the Company transfers the benefits to the customer.

2. Royalty revenue is accrued for royalty streams when the amount of revenue can be reliably measured based on relevant agreements and statements received from third party agents, and the underlying sales activity generating the royalty revenue has occurred.

3. Revenue from design services is recognized over time as the Company fulfills all performance obligations related to the services provided.

New Standards Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Business Combination

On September 29, 2021, the Company entered into a definitive share exchange agreement (the "Definitive Agreement") (the "Agreement") to acquire all of the issued and outstanding securities of HOK Technologies Inc. ("HOK") in consideration for 600,000 common shares of the Company (each a "Consideration Share") payable to the existing shareholders of HOK (the "Vendors").

(Expressed in Canadian Dollars)

3. Business Combination (continued)

The Vendors are eligible to earn additional Consideration Shares (the "Earn-Out Shares") upon realization of certain revenue-related milestones achieved by HOK for the calendar years ended December 31, 2021 and December 31, 2022. At July 31, 2022, HOK had achieved all revenue related milestones for the calendar year ended December 31, 2021, and the Company paid the Vendors $750,000 and is obligated to issue the $2,000,000 of Earn-Out Shares. On February 25, 2022, the Company satisfied the share issuance obligation and issued 34,563 shares as described in Note 13.

The revenue-related milestones for the period commencing on January 1, 2022 and ending December 31, 2022 are either:

- $1,500,000 of Earn-Out Shares and $500,000 if, by no later than December 31, 2022, $5,000,000 of revenue is achieved by HOK; or
- $2,500,000 of Earn-Out Shares and $500,000 if, by no later than December 31, 2022, $10,000,000 of revenue is achieved by HOK.

The Company recorded the fair value of the additional consideration for revenue milestones as a contingent liability. At July 31, 2022, the fair value of the remaining revenue-related milestone was $0 and the Company recorded a gain on the change in fair value of the contingent liability of $533,450. The number of Earn-Out Shares issuable upon the achievement of revenue-related milestones will be determined in accordance with the market value of the Company's common shares at such time, and will be subject to the statutory four month and one day hold period.

In connection with the acquisition of HOK, the Company agreed to issue an aggregate of 2,667 common shares of the Company to extinguish certain of HOK's outstanding accounts payable. The Company paid a finder's fee of 30,000 common shares of the Company with a fair value of $225,000 to certain qualified third parties in connection with the closing of the Acquisition.

The acquisition of HOK constituted a business combination as HOK met the definition of a business under IFRS 3 - Business Combinations. Certain values in the following purchase price allocation are restated (Note 22).

	$
Purchase price:	
600,000 common shares	3,453,000
Contingent consideration	3,283,450
Total consideration paid (Note 22)	**6,736,450**
Cash	225,558
Accounts receivable	629
Digital assets	768,880
Equipment	2,316
Accounts payable and accrued liabilities	(87,559)
Income taxes payable	(15,785)
Deferred revenue	(603,209)
Due to related parties	(190,000)
Advances payable	(100,539)
Net assets acquired	291
Acquired IP (Note 22)	4,104,000
Platform (Notes 9 and 22)	571,000
Goodwill (Note 22)	3,323,409
Deferred income tax liability	(1,262,250)
Total	**6,736,450**

(Expressed in Canadian Dollars)

3. Business Combination (continued)

The Company determined that HOK's technology and business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of HOK. The accounting for this acquisition has been provisionally determined at July 31, 2022. The fair value of total consideration has been provisionally determined and subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods.

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on value in use. As at July 31, 2023, the Company recorded an impairment of goodwill of $3,323,409 (2022 - $Nil (Restated – Note 22)).

Advances payable include $100,539 that relates to working capital advanced to HOK by the Company.

During the period from October 1, 2021 to July 31, 2022, the Company recorded a net income of $1,077,244 in the Consolidated Statements of Loss and Comprehensive Loss in connection with HOK.

Net loss for the Company would have been higher by approximately $132,962, for the period ended July 31, 2022, if the acquisition had taken place on August 1, 2021. In connection with this transaction, the Company also issued 30,000 common shares with a fair value of $7.50 per share as finders' fees. Finders' fees are considered acquisition costs under IFRS and are expensed through profit and loss. As a result, the $225,000 fair value of the finders' fee shares have been recorded as acquisition costs.

4. Asset Acquisition

On August 9, 2022, the Company entered into a share purchase agreement to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments.

As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022, payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combinations*. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire the entity. The fair value of the consideration paid was determined based on the fair value of the assets received in accordance with IFRS 2 – *Share Based Payments*.

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815
Cash	804,460
Net assets assumed	804,460
Acquired retail technology platform	1,131,355
	1,935,815

On July 31, 2023, the Company recorded impairment of the retail technology platform of $1,131,355 as described in Note 9.

(Expressed in Canadian Dollars)

5. Disposal of GenZeroes and Discontinued Operations

On March 30, 2023, the Company completed the sale of its subsidiary, GenZeroes Productions Inc. ("GenZeroes"), the GenX smart contract and all associated intellectual property (the "Related IP") (collectively, the "Assets"), to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

As consideration for the Assets the Company received a promissory note (the "Note") for $800,000 bearing an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Company shall also retain a 50% royalty in perpetuity on all net proceeds from the content owned by the entity GenZeroes Productions Inc., which relates to the already completed first season of the GenZeroes series. The Note shall be secured against the shares of GenZeroes Productions Inc. and the Related IP. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

During the year ended July 31, 2023, the Company recorded a loss on the deconsolidation of GenZeroes of $428,307, which included $268 of cash held by GenZeroes.

The assets, liabilities and gain on loss of control of GenZeroes after deconsolidation are presented below:

	$
Assets	
Cash	268
Accounts receivable	594
Prepaid expenses	35,000
Intangible asset	632,839
Total Assets	668,701
Liabilities	
Accounts payable	39,968
Intercompany payables	1,167,847
Total Liabilities	**1,207,815**
Net liabilities	(539,114)
Intercompany payables forgiven	1,167,847
Accounting fair value of promissory note received (Note 7)	(200,426)
Loss on deconsolidation	**428,307**

The following table summarizes the assets and liabilities in the disposal group:

	July 31, 2023 $	**July 31, 2022** $
Assets		
Cash	-	34,098
Accounts receivable	-	6,508
Prepaid expenses	-	54,856
Intangible assets	-	670,354
Total assets of the disposal group	**-**	**765,816**
Current Liabilities		
Accounts payable	-	110,827
Intercompany loans	-	1,032,398
Total liabilities of the disposal group	**-**	**1,143,225**

(Expressed in Canadian Dollars)

5. Disposal of GenZeroes and Discontinued Operations (continued)

The net loss from discontinued operations for the years ended July 31, 2023, and 2022 are presented below:

	Year Ended	
	July 31, 2023	July 31, 2022
	$	$
Revenues	-	-
Expenses		
Amortization	100,916	23,116
Consulting fees	24,000	69,600
Marketing	16,151	237,561
Office expenses	13,128	44,992
Professional fees	7,510	2,140
Total expenses	**161,705**	**377,409**
Net loss from discontinued operations	**(161,705)**	**(377,409)**

The consolidated statement of cash flows for the year ended July 31, 2022 was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of GenZeroes for the years ended July 31, 2023 and 2022 are presented in the following table:

	Year ended	
	July 31, 2023	July 31, 2022
	$	$
Cash flows used in operating activities	(105,878)	(351,062)
Cash flows used in investing activities	(63,401)	(693,470)
Cash flows provided by investing activities	135,449	1,032,398
Decrease in cash	**(33,830)**	**(12,134)**

6. Digital Assets

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues, and are revalued to their current market value at each reporting date. The fair value is determined using the spot rate based on the weighted average from www.finance.yahoo.com on the date the tokens are received or recorded as a receivable.

(Expressed in Canadian Dollars)

6. Digital Assets (continued)

Digital assets consist of Ethereum and USD-T/C (cryptocurrencies). Ethereum and USD-T/C earned and transacted during the years ended July 31, 2023 and 2022 were as follows:

		USD-T/C	Ethereum
	$	#	#
Balance, on acquisition at September 30, 2021	768,880	-	201.94
Digital assets received for revenues	6,125,611	2,602.76	1,460.02
Digital assets received for deferred revenues	2,295,907	42,525.00	585.10
Digital assets traded for cash	(7,525,411)	-	(1,905.39)
Digital assets paid for expenses	(1,114,263)	(241,277.15)	(209.15)
Digital assets exchanged for digital assets	-	199,844.34	(60.88)
Gain on sale of digital assets	(41,264)	-	-
Revaluation of digital assets	(355,158)	-	-
Balance, July 31, 2022	**154,302**	**3,694.95**	**71.64**
Digital assets received for revenues	5,534	-	2.76
Digital assets received for deferred revenues	446	-	0.26
Digital assets traded for cash	(110,634)	-	(55.00)
Digital assets paid for expenses	(22,907)	-	(10.77)
Gain on sale of digital assets	(7,650)	-	-
Revaluation of digital assets	2,860	-	-
Balance, July 31, 2023	**21,951**	**3,694.95**	**8.89**

i) During the year ended July 31, 2023, the Company exchanged its digital assets for cash, and other services totaling $111,285 (2022 - $8,639,674) with a cost of $118,935 (2022 - $8,598,410), which resulted in a realized loss on sale of $7,650 (2022 - $41,264).

ii) Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at July 31, 2023, the price of Ethereum was $2,467 (2022 - $2,154) resulting in a revaluation gain of $2,860 (2022 loss - $355,158).

7. Promissory Note Receivable

As part of the sale of GenZeroes Productions Inc., as described in Note 5, the Company received a Promissory Note Receivable (the "Note") for $800,000. The Note bears an interest rate of prime rate plus 1% and has a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Note is secured against the shares of GenZeroes Productions Inc. and the Related IP.

The initial fair value of the Note on inception was determined to be $200,426. The fair value of the instrument was estimated using a discounted cash flow model using a discount rate of 39%. At July 31, 2023, the Company had recorded $23,522 of interest and carrying value of the Note was $223,948. The Company had recorded an impairment equal to the carrying value of the Note due to uncertain collectability.

(Expressed in Canadian Dollars)

8. Property and Equipment

	Computer Equipment $	Furniture and Fixtures $	Total $
Cost			
Balance, July 31, 2021	-	-	-
Additions	174,297	331,202	505,499
Disposals	(112,128)	(318,125)	(430,253)
Balance, July 31, 2022	**62,169**	**13,077**	**75,246**
Additions	-	-	-
Balance, July 31, 2023	**62,169**	**13,077**	**75,246**
Accumulated depreciation			
Balance, July 31, 2021	-	-	-
Depreciation	(17,693)	(2,871)	(20,564)
Disposals	4,900	1,054	5,954
Balance, July 31, 2022	**(12,793)**	**(1,817)**	**(14,610)**
Depreciation	(20,723)	(4,360)	(25,083)
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Net book values			
Balance, July 31, 2022	**49,376**	**11,260**	**60,636**
Balance, July 31, 2023	**28,653**	**6,900**	**35,553**

During the year ended July 31, 2022, the Company sold equipment with a carrying value of $423,224 for proceeds of $92,664 which resulted in a loss on disposal of $330,560.

9. Intangible Assets and Goodwill

As part of the acquisition of HOK as described in Note 3, the Company acquired a platform. HOK is creating a blockchain-based virtual world and metaverse to be utilized across environments as well as virtual reality social and gaming activities (the “Platform”).

The Company has also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Acquired NFTs represent NFTs purchased by the Company from third parties for development purposes.

	Acquired NFTs $	Film Series $	Acquired Platform (Restated – Note 22) $	Internally Generated Platforms $	Acquired IP (Restated – Note 22) $	Total $
Balance, July 31, 2021	-	-	-	-	-	-
Additions	65,298	693,470	571,000	1,089,417	4,104,000	6,523,185
Amortization	(16,325)	(23,116)	(67,976)	-	-	(107,417)
Impairment	-	-	-	-	(4,104,000)	(4,104,000)
Balance, July 31, 2022	**48,973**	**670,354**	**503,024**	**1,089,417**	**-**	**2,311,768**
Additions	-	63,401	-	387,912	1,131,355	1,582,668
Amortization	(48,973)	(100,916)	(57,857)	-	-	(207,746)
Disposals	-	(632,839)	-	-	-	(632,839)
Impairment	-	-	(445,167)	(1,477,329)	(1,131,355)	(3,053,851)
Balance, July 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**

(Expressed in Canadian Dollars)

9. Intangible Assets and Goodwill (continued)

Goodwill

	$
July 31, 2021	**-**
Addition (Note 3) (Restated – Note 22)	3,323,409
July 31, 2022	**3,323,409**
Impairment	(3,323,409)
July 31, 2023	**-**

The recoverable amount of the operating unit was determined based upon updated cash flow projections. The Company used a discount rate of 39% for the current and previous value in use calculations. As at July 31, 2023, the Company recorded impairment of goodwill of $3,323,409 (2022 - $Nil) and impairment of intangibles of $3,036,077 (2022 - $Nil). The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth as a result of material uncertainties with respect to the Company's ability to raise capital for further development, decreased revenue projections as a result of a general downturn in the metaverse and blockchain industries.

10. Right-of-Use Assets and Lease Liabilities

The Company's primary leases consist of a research and development facility and a office space. The Company used an incremental borrowing rate of 9.5%. The following is a continuity schedule of right-of-use assets for the years ended July 31, 2023 and 2022:

Right-of-use assets	Office Lease $
Balance, July 31, 2021	**-**
Additions	510,196
Depreciation	(113,377)
Balance, July 31, 2022	**396,819**
Depreciation	(170,065)
Balance, July 31, 2023	**226,754**

The following is a continuity schedule of lease liabilities for the years ended July 31, 2023 and 2022:

Lease liabilities	Office Lease $
Balance, July 31, 2021	**-**
Additions	510,196
Interest	27,290
Payments	(129,023)
Balance, July 31, 2022	**408,463**
Interest	28,990
Payments	(193,534)
Balance, July 31, 2023	**243,919**
Less: current portion	(176,065)
Non-current portion	67,854

(Expressed in Canadian Dollars)

10. Right-of-Use Assets and Lease Liabilities (continued)

The undiscounted lease liabilities are as follows:

Year ended July 31,	$
2024	193,534
2025	64,511
Total lease payments	258,045

11. Accounts Payable and Accrued Liabilities

	2023	2022
	$	$
Accounts payable	**541,074**	414,589
Accrued liabilities	**595,936**	493,057
	1,137,010	907,646

12. Loans Payable

At July 31, 2021 and 2020, $105,000 in loans payable remained outstanding. During the year ended July 31, 2022, the Company paid $100,000 and the remaining balance of $5,000 loan was forgiven and recorded as a gain on settlement of debt.

During the year ended July 31, 2022, the Company received loans of $40,000 from a private company. The loans were unsecured, non-interest bearing and due on demand.

During the period ended July 31, 2023, the Company received loans of $1,544,000 from arm's-length parties and repaid $293,750. At July 31, 2023, the Company had $1,374,415 (2022 - $40,000) of loans payable, including $84,165 in accrued interest. The loans are unsecured, bear interest at 10% per annum and are due on demand.

13. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At July 31, 2023, there were 1,985,836 (2022 – 1,545,450) issued and fully paid common shares outstanding.

For the year ended July 31, 2023

On September 7, 2022, the Company issued 184,363 common shares with a fair value of $1,935,815 pursuant to the acquisition of Web 3.0 as described in Note 4.

On June 1, 2023, the Company issued 98,000 common shares with a fair value of $147,000 to settle $367,500 of accounts payable. The Company recorded a gain on settlement of debt of $220,500.

13. Share Capital (continued)

During the year ended July 31, 2023, the Company issued 19,556 common shares upon the exercise of 19,556 stock options for total proceeds of $146,667 and the Company transferred $109,140 from reserve to share capital.

During the year ended July 31, 2023, the Company issued 26,667 common shares upon the exercise of 26,667 warrants for total proceeds of $200,000.

During the year ended July 31, 2023, the Company issued 111,800 common shares upon the conversion of 111,800 RSUs and the Company transferred $1,566,874 from reserve to share capital.

For the year ended July 31, 2022

On September 15, 2021, the Company closed a non-brokered private placement of 100,000 units of the Company issued at a price of $1.50 per unit for gross proceeds of $150,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of 5 years at an exercise price of $7.50 per share.

On September 29, 2021, the Company issued 154,667 common shares of the Company at a price of $7.50 per common share for proceeds of $1,160,000 in connection with a private placement.

On September 30, 2021, the Company issued 600,000 common shares of the Company with a fair value of $3,453,000 in consideration for the acquisition of HOK as described in Note 3.

On September 30, 2021, the Company issued 30,000 common shares of the Company with a fair value of $225,000 as finders fees for the acquisition of HOK as described in Note 3.

On September 30, 2021, the Company issued 2,667 common shares with a fair value of $20,000 to settle $20,000 of accounts payable.

On October 7, 2021, the Company issued 26,667 common shares of the Company at a price of $7.50 per common share for proceeds of $200,000 in connection with a private placement.

On November 10, 2021, the Company completed a non-brokered private placement of 66,667 units of the Company issued at a price of $37.50 per unit for gross proceeds of $2,500,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share for a period of 60 months at an exercise price of $93.75 per share. The Company paid finder's fees of $15,900 in cash, issued 1,946 common shares and 424 broker warrants with the same terms as the financing warrants. The grant date fair value of the finder warrants was measured at $9,762. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $37.50; exercise price - $93.75; expected life - 5 years; volatility – 100%; dividend yield - Nil; and risk-free rate – 1.47 %.

On February 11, 2022, the Company issued 6,667 common shares upon the exercise of 6,667 warrants with an exercise price of $7.50.

On February 25, 2022, the Company issued 34,563 common shares at a deemed price of approximately $57.86 per share pursuant to the acquisition of HOK as described in Note 3. The shares were earned by the vendors as a result of HOK achieving a pre-determined revenue related milestone for the calendar year ended December 31, 2021.

On May 27, 2022, the Company issued 333 common shares upon the exercise of 333 restricted stock units (RSUs).

(Expressed in Canadian Dollars)

13. Share Capital (continued)

During the year ended July 31, 2022, the Company issued 1,133 common shares upon the exercise of 1,133 options with an exercise price of $7.50. Upon exercise the Company reclassified the grant date fair value of the options of $7,441 from reserves.

During the year ended July 31, 2022, the Company issued 59,667 common shares upon the exercise of 59,667 RSUs. Upon exercise the Company reclassified the grant date fair value of the RSUs of $3,132,500 from reserves.

Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2021	-	-
Issued	167,091	42.00
Exercised	(6,667)	(7.50)
Balance, July 31, 2022	160,424	43.50
Exercised	(26,667)	7.50
Balance, July 31, 2023	133,757	51.00

Details of warrants outstanding as of July 31, 2023 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
September 15, 2026	66,666	7.50
November 10, 2026	67,091	93.75
	133,757	

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

On October 14, 2021, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 80,000 common shares at an exercise price of $7.50 per common share for up to five years. The options vest 1/3 on April 14, 2022, 1/3 on October 14, 2022 and 1/3 on April 14, 2023. The grant date fair value of the options was measured at $446,482. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $7.50; exercise price - $7.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 1.18%.

13. Share Capital (continued)

On February 7, 2022, the Company granted an aggregate of 66,667 incentive share purchase options to its directors, officers, employees and consultants. Each share purchase option is exercisable for a period of five years at an exercise price of $48.75 per common share of the Company. The options vest over a period of 18 months, in one-third tranches of equal size, after the passing of each successive six-month period. The grant date fair value of the options was measured at $2,428,863. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $48.75; exercise price - $48.75; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 1.68%.

On March 16, 2022, the Company granted an aggregate of 667 incentive share purchase options to a consultant. Each share purchase option is exercisable for a period of five years at an exercise price of $60.00 per common share of the Company. The options vest over a period of 4 months. The grant date fair value of the options was measured at $29,980. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $60.00; exercise price - $60.00; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.02%.

On April 11, 2022, the Company granted an aggregate of 1,333 incentive share purchase options to two consultants. Each share purchase option is exercisable for a period of two years at an exercise price of $56.25 per common share of the Company. The options vest over a period of 4 months. The grant date fair value of the options was measured at $37,670. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $54.00; exercise price - $56.25; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.62%.

On April 13, 2022, the Company granted an aggregate of 3,333 incentive share purchase options to two consultants. Each share purchase option is exercisable for a period of five years at an exercise price of $56.25 per common share of the Company. The options vest 667 options over a period of 4 months. The grant date fair value of the options was measured at $130,153. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $52.50; exercise price - $56.25; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.51%.

On June 1, 2022, the Company granted an aggregate of 667 incentive share purchase options to a consultant. Each share purchase option is exercisable for a period of two years at an exercise price of $18.75 per common share of the Company. The options vest 4 months after the grant date. The grant date fair value of the options was measured at $5,534. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $16.50; exercise price - $18.75; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.79%.

On September 13, 2022, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest 1/8 every three months over 24 months. The total grant date fair value of the options was measured at $1,374,038 and $629,919 was recorded in the current period. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $13.50; exercise price - $10.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 3.23%.

(Expressed in Canadian Dollars)

13. Share Capital (continued)

During the year ended July 31, 2023, the Company recorded $2,566,481 (2022 - $5,970,048) of share-based compensation related to the issuance of options. The following is a summary of the Company's option activity for the years ended July 31, 2023, and 2022.

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2021	-	-
Granted	152,667	27.75
Exercised	(1,334)	7.50
Balance, July 31, 2022	151,333	27.75
Granted	129,250	10.50
Cancelled	(94,583)	(12.75)
Exercised	(19,556)	(7.50)
Balance, July 31, 2023	166,444	24.75
Exercisable, July 31, 2023	104,222	26.25

Details of options outstanding and exercisable as at July 31, 2023 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
April 11, 2024	1,333	1,333	56.25
October 14, 2026	34,778	34,778	7.50
February 7, 2027	59,000	39,333	48.75
March 16, 2027	667	667	60.00
April 13, 2027	3,333	2,444	56.25
June 1, 2024	667	667	18.75
September 13, 2027	66,666	25,000	10.50
	166,444	104,222	

Restricted Stock Units ("RSUs")

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

Under the terms of the plan, RSUs are granted to Participants and the RSUs expire at the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans.

13. Share Capital (continued)

For the year ended July 31, 2023

During the years ended July 31, 2023 and 2022, the Company issued 111,800 (2022 – 59,667) common shares upon the exercise of 111,800 (2022 – 59,667) restricted stock units. Upon exercise the Company reclassified the grant date fair value of the RSUs of $1,566,874 (2022 - $3,132,500) from reserves, as per below:

On November 25, 2022, 20,000 RSUs outstanding under the RSU plan were converted to common shares.

On December 14, 2022, 14,667 RSUs outstanding under the RSU plan were converted to common shares.

On December 21, 2022, 1,778 RSUs outstanding under the RSU plan were converted to common shares.

On December 30, 2022, 222 RSUs outstanding under the RSU plan were converted to common shares.

On January 3, 2023, 68,333 RSUs outstanding under the RSU plan were converted to common shares.

On January 27, 2023, 6,800 RSUs outstanding under the RSU plan were converted to common shares.

On January 26, 2023, pursuant to its shareholder approved restricted stock unit ("RSU") plan (the "RSU Plan"), the Company has granted 40,133 RSUs to directors, officers and consultants of the Company. 33,333 RSUs are subject to vesting four months from the grant date with 6,800 RSUs vesting immediately. The RSUs had a fair value of $150,500, based on the closing price of the Company's common shares on the date of grant. During the year ended July 31, 2023, the Company recorded $150,500 (2022 - $Nil) of stock-based compensation relating to the number of vested RSUs.

On December 29, 2022, pursuant to its shareholder approved restricted stock unit ("RSU") plan (the "RSU Plan"), the Company has granted 68,333 RSUs to consultants of the Company, vesting immediately. The RSUs had a fair value of $384,375, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation during the year ended July 31, 2023.

On September 13, 2022, pursuant to its shareholder approved restricted stock unit ("RSU") plan (the "RSU Plan"), the Company has granted 20,000 RSUs to a consultant of the Company, vesting immediately. The RSUs had a fair value of $270,000, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation during the year ended July 31, 2023.

For the year ended July 31, 2022

On April 13, 2022, pursuant to its shareholder approved restricted stock unit ("RSU") plan (the "RSU Plan"), the Company has granted an aggregate of 79,000 RSUs to directors and officers of the Company. The RSUs are subject to vesting, upon predetermined corporate milestones that need to be satisfied as a condition of vesting. The vested RSUs shall entitle the eligible parties the ability to acquire one common share in the capital of the Company underlying each such RSU upon such holder delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of five years from issuance (the "Term") Any unvested RSUs after expiry of the Term will be deemed automatically cancelled without further act or notice by the Company. The RSUs had a fair value of $4,147,500, based on the closing price of the Company's common shares on the date of grant.

During the year ended July 31, 2023, the Company recorded $14,193 $34,999 (2022 - $4,062,917) of stock-based compensation relating to the number of vested RSUs.

(Expressed in Canadian Dollars)

13. Share Capital (continued)

On February 16, 2022, pursuant to its shareholder approved restricted stock unit ("RSU") plan (the "RSU Plan"), the Company has granted an aggregate of 9,000 RSUs to directors and officers of the Company. The RSUs are subject to vesting, upon predetermined corporate milestones that need to be satisfied as a condition of vesting. The vested RSUs shall entitle the eligible parties the ability to acquire one common share in the capital of the Company underlying each such RSU upon such holder delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of five years from issuance (the "Term"). Any unvested RSUs after expiry of the Term will be deemed automatically cancelled without further act or notice by the Company. The RSUs had a fair value of $573,750, based on the closing price of the Company's common shares on the date of grant. The Company recorded $138,375 of stock-based compensation relating to the number of RSUs expected to vest.

As at July 31, 2023, 30,667 restricted stock units were issued under the RSU plan.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options, warrants or RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

14. Related Parties

Related party balances

Amounts due to related parties:
The following amounts due to related parties are included in trade payables and accrued liabilities:

	2023 **$**	2022 $
Amounts owed to directors of the Company	89,808	29,895
	89,808	29,895

Related party transactions

During the year ended July 31, 2023, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $286,167 (2022 - $413,917) to the Company's key management.

During the year ended July 31, 2023, the Company also incurred stock-based compensation to key management personnel related to the grant of options of $241,085 (2022 - $479,785).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

15. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

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

Level 3: Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at July 31, 2023 and 2022:

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	-
Digital assets	-	21,951	-

	As at July 31, 2022		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	308,035	-	
Digital assets	-	154,302	-

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finance.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist solely of Ethereum. As of July 31, 2023, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $2,195.

(b) Financial risk management:

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(Expressed in Canadian Dollars)

15. Financial Risk and Capital Management (continued)

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at July 31, 2023, the Company has cash of $46,979 (2022 - $308,035) and digital assets of $21,951 (2022 - $154,302) available to apply against short-term business requirements and current liabilities of $2,701,723 (2022 - $1,126,423).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at July 31, 2023, it is management's conclusion that the exposure to market risk is not material.

16. Segmented Information

The Company operates within two geographic areas, Canada and Vietnam and has one operating segment, which is the design, development, and sale of exclusive Non-Fungible Tokens ("NFTs").

	Canada $	Vietnam $	Total $
Year ended July 31, 2023			
Revenue	654,957	-	654,957
Net Loss	(11,889,286)	(656,626)	(12,545,912)
Year ended July, 2022 *(As restated – Note 22)*			
Revenue	7,005,238	-	7,005,238
Net Loss	(11,387,474)	(674,184)	(12,061,658)
As at July 31, 2023			
Total non-current assets	583,547	-	583,547
As at July 31, 2022 *(As restated – Note 22)*			
Total non-current assets	5,868,120	609,999	6,478,119

(Expressed in Canadian Dollars)

17. Capital Management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year ended July 31, 2023.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

18. Revenues

The Company's main source of revenue is the sale of digital goods to customers. The following is a break-down of revenues earned:

	Year ended July 31,	
	2023	2022
	$	$
NFT sales	**434,093**	6,245,675
Royalty income	**5,534**	496,964
Design services income	**215,330**	262,599
	654,957	7,005,238

<u>Deferred Revenue</u>

The Company receives payments based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. Deferred revenue consists of payments received from the Company's virtual land NFT sales in advance of revenue recognition. As of July 31, 2023, the aggregate amount of revenue allocated to unsatisfied performance obligations of $2,170,910 (2022 - $2,604,555) is included in deferred revenue.

<u>Deferred Contract Costs</u>

The Company defers contract costs that are direct and incremental to obtaining user contracts. At July 31, 2023, the Company had deferred $321,241 (2022 - $385,487) of contract costs consisting of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These costs will be amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized.

19. Development Costs

During the year ended July 31, 2023, the Company incurred $140,034 (2022 - $1,855,368) of development costs which consist primarily of software and platform development costs which were expensed as incurred as they did not meet the criteria for capitalization. The Company capitalizes software and platform development costs incurred for items to be sold, leased or otherwise marketed after technological feasibility of the software is established or for development costs that have alternative future uses.

(Expressed in Canadian Dollars)

20. Marketing Expenses

During the year ended July 31, 2023, the Company incurred $456,463 (2022 - $2,506,255) of marketing and sales expenses which consist of advertising, marketing and promotional expenses. These costs consist mainly of digital advertising and promotion designed to raise awareness and interest in the Company's projects.

21. Contingencies

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen against Looking Glass Labs Ltd. The claim is brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company and is brought under section 227 of the BC Business Corporations Act.

The Company intends to vigorously defend itself against the claim made. As set out in the Company's response to civil claim, it believes that the allegations are without merit.

22. Restatement

The consolidated financial statements as at and for the year ended July 31, 2022 have been amended to correct for errors related to the valuation of assets acquired as part of the HOK acquisition described in Note 3. The Company identified an additional intangible asset consisting of the internet protocol of various NFTs. The recognition of the additional intangible asset identified resulted in a change in the fair value of goodwill and other intangible assets acquired as part of the acquisition. It also resulted in a revision of the related amortization and impairment associated with the intangible assets and goodwill.

The Company also failed to recognize the deferred tax liability associated with these intangible assets and the subsequent recovery of the deferred tax liability that resulted from the amortization recorded of the intangible assets as well as subsequent losses incurred.

Amended and restated consolidated statement of financial position:

	As at July 31, 2022		
	As previously reported	Restatement	**As restated**
	$	$	**$**
Intangible assets	2,284,458	27,310	**2,311,768**
Goodwill	3,488,996	(165,587)	**3,323,409**
Share capital	13,322,675	16,503	**13,339,178**
Deficit	(12,511,090)	(154,780)	**(12,665,870)**
Total shareholders' equity	3,626,067	(138,277)	**3,487,790**
Total liabilities and shareholders' equity	7,600,964	(138,277)	**7,462,687**

(Expressed in Canadian Dollars)

22. Restatement (continued)

Amended and restated consolidated statement of comprehensive loss:

	For the year ended July 31, 2022		
	As previously reported	Restatement	**As restated**
	$	$	**$**
Amortization	(80,611)	(3,690)	**(84,301)**
Impairment of intangible	-	(4,104,000)	**4,104,000**
Impairment of goodwill	(3,193,072)	3,193,072	**-**
Change in fair value of contingent liability	1,035,862	(502,412)	**533,450**
Deferred tax recovery	-	1,262,250	**1,262,250**
Net loss	(11,906,878)	(154,780)	**(12,061,658)**
Total loss per share, basic and diluted	(9.09)	(0.13)	**(9.21)**

Amended and restated consolidated statement of cash flows:

	For the year ended July 31, 2022		
	As previously reported	Restatement	**As restated**
	$	$	**$**
Net loss	(11,906,878)	(154,780)	**(12,061,658)**
Change in fair value of contingent liability	1,035,862	(502,412)	**533,450**
Impairment of goodwill	(3,193,072)	3,193,072	**-**
Deferred tax recovery	-	1,262,250	**1,262,250**
Impairment of intangible	-	(4,104,000)	**(4,104,000)**
Amortization	(80,611)	(3,690)	**(84,301)**
Net cash flows from operating activities	(646,486)	-	**(646,486)**

The material impact of the correction of the audited consolidated financial statements for the year ended July 31, 2022 related to the restated purchase price allocation was to increase intangible assets by $27,310, decrease goodwill by $165,587, increase share capital by $16,503 and increase deficit by $154,780. The restatement also increased amortization by $3,690, increased the impairment of intangible assets by $4,104,000, decreased the impairment of goodwill by $3,193,072, decreased change in fair value of contingent liability by $502,412, and increased the deferred tax recovery by $1,262,250.

23. Income Taxes

A reconciliation of income taxes at statutory tax rates is as follows:

		2023		**2022**
Net (loss) for the year	$	(12,545,912)	$	(13,323,908)
Statutory tax rate		27%		27%
Expected income taxes (recovery)		(3,387,396)		(3,597,456)
Impact on the difference between statutory tax rate and foreign tax rate		(32,487)		64,293
Permanent differences		2,611,015		1,452,092
Change in benefit not recognized		808,868		818,821
Deferred income tax recovery	$	-	$	(1,262,250)

(Expressed in Canadian Dollars)

23. Income Taxes (continued)

The Company has approximately $5,330,793 of non-capital losses available, which begin to expire through to 2043 and may be applied against future taxable income. The Company also has approximately $992,849 of capital losses that may be carried forward and applied against future capital gains. At July 31, 2023, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in future years. The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2023		2022
Non-capital and capital losses	$	5,827,218	$	4,058,616

During the year ended July 31, 2022, the Company also recognized a deferred tax liability of $1,262,250 for the temporary differences of the intangible assets acquired in the HOK acquisition. The Company recorded a recovery of the deferred tax asset during fiscal 2022 as a result of the impairment recorded on the intangible assets as well as subsequent losses incurred.

24. Subsequent Events

On August 28, 2023, the primary lease of the Company was terminated (Note 10) and the respective right-of-use asset balance in the amount of $211,443 was derecognized.

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every 75 old common shares. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

Schedule "C"

Management's Discussion and Analysis for the years ended July 31, 2023 and 2022

Looking Glass Labs Ltd.

Management's Discussion and Analysis

For the years ended July 31, 2023 and 2022

November 1, 2023

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended July 31, 2023, compared to the year ended July 31, 2022. This report prepared as November 1, 2023 intends to complement and supplement our consolidated financial statements (the "financial statements") as at July 31, 2023 and should be read in conjunction with the financial statements and the accompanying notes.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company", "LGL" or "Looking Glass Labs", we mean Looking Glass Labs Ltd. as it may apply.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedarplus.ca.

Cautionary Statement on Forward Looking Information

The information provided in this MD&A, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "Description of Business".

Specific forward-looking information contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;
- the business and operations of the Company;
- the business, operations, strategies and expectations of the Company;
- the Company's business objectives and discussion of trends affecting the business of the Company;

- the funds available to the Company and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking statements including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward-looking statements are based on reasonable assumptions, estimates, analysis, and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking statements are inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking statements include, but are not limited to, those which relate to the following:

- the limited operating history of the Company and its Subsidiaries;
- the historical lack of profitability of the Company;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- the Company's operations, strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development;
- uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- changes in the regulatory environment;
- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses;
- the requirements of being a public-traded company may strain the Company's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members;
- the Company's business is reliant on blockchain technology;
- the continuing development and acceptance of NFTs and blockchain technology are subject to a variety of risks;
- regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of NFTs in a manner that adversely affects the Company's operations;
- an NFT's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to

regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company's business, operating results, and financial condition;
- blockchain transactions are irrevocable and losses may occur;
- the Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- the Company's business is exposed to the potential misuse of NFTs and malicious actors;
- the business of the Company will be exposed to cybersecurity risks;
- digital wallets may be hacked;
- uninsured or uninsurable risks;
- a decline in the adoption and use of NFTs could materially and adversely affect the performance of the Company;
- the demand and prices of NFTs are extraordinarily volatile;
- political or economic crises may motivate large-scale sales of NFTs, which would result in a reduction in values and materially and adversely affect the Company;
- market adoption of NFTs and blockchain technology has been limited to date and further adoption is uncertain;
- the Company will have to adapt to respond to evolving security risks;
- the Company may be unable to obtain adequate insurance to insure its operations;
- intellectual property rights claims may adversely affect the operation of the Company's business;
- all active and liquid trading markets in the Company's common shares may fail to develop;
- the Company's compliance and risk management programs may not be effective;
- unexpected market disruptions may cause major losses for the Company;
- foreign exchange risk;
- the Company will depend on its senior management and directors to source suitable investment opportunities for the Company;
- managing different business lines could present conflicts of interest;
- operational risk may materially and adversely affect the Company's performance and results;
- the Company may not be effective in mitigating risk;
- the ongoing COVID-19 pandemic may have an adverse effect on the business of the Company;
- force majeure events may materially and adversely affect the business continuity of the Company;
- the Company will be reliant, in part, on attracting and retaining skilled management and directors;
- situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests;
- the Company may be subject to litigation; and
- the other factors discussed under the heading "Risk Factors".

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the companies in which it is invested, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of Company currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects to the Company.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of forward-looking statements, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the Company's actual results achieved could vary from the information provided in this MD&A, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake any obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is a Web3 innovation platform specializing in consumer engagement applications to leverage immersive metaverse environments and blockchain monetization strategies.

The Pocket Dimension metaverse is a hyper-realistic digital world that is being built using the latest version of Unreal Engine in order to offer users a premium virtual experience. Pocket Dimensions feature 10 different environments. Pocket Dimension is a private virtual space that provides users the ability to explore the virtual space and socialize with other users, through avatars.

The Company released its Alpha version of its Pocket Dimension metaverse on November 1, 2022, its Beta version on February 21, 2023, and publicly released the Pocket Dimension metaverse on May 29, 2023 (https://www.houseofkibaa.com/pocketdimension).

The Company's short-term focus for the upcoming quarters is to continue to seek monetization avenues for its Pocket Dimension product and to obtain additional financing for working capital

COMPANY HIGHLIGHTS

On October 17, 2023, the Company announced that Lucas Stemshorn-Russell has resigned as a director with immediate effect. Following the resignation of Mr. Stemshorn-Russell, the Company is pleased to announce the appointment of Armita Jalooli to the board of directors with immediate effect.

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of every 75 old common shares into one new common share. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

On July 4, 2023, the Company announced the results of the Annual General Meeting held on July 4, 2023.

On June 1, 2023, the Company announced that it has entered into debt settlement agreement with an arm's-length creditor to eliminate an aggregate of $367,500 of indebtedness of the Company through the issuance of an aggregate of 98,000 common shares in the capital of the Company.

On May 29, 2023, announced the launch of its next version Pocket Dimension. LGL's Pocket Dimension metaverse is an online virtual space providing their owners and users a virtual space represented by one of eleven different environments including Archipelago, Countryside, Dale, Dunes, Fjord, Marsh, Savanna, Tundra, Woodland, Zen, and Genesis Moon. Each environment represents a unique representation of one of Earth's ecosystems, as described in each environment's name. Users of Pocket Dimension interact with other users through avatars. On November 1, 2022, LGL launched the alpha version of Pocket Dimension, followed by the launch of the beta version on February 21, 2023. The Company has followed up on the previous versions and launched its public release version of Pocket Dimension, ("V1.0").

V1.0 addresses various animation, rendering, collision, and build issues reported by users during the alpha and beta versions. The latest version has made improvements to ensure smoother gameplay and a more seamless experience. For a list of the latest improvements, please refer to the Pocket Dimension release notes at the following URL: https://www.houseofkibaa.com/pocketdimension

On May 23, 2023, the Company announced that Patrick O'Flaherty has resigned from its Board of Directors. The Board of Directors thanks Mr. O'Flaherty for his service to the Company. In his place, LGL announced that Kevin Cornish has been appointed to the Board of Directors.

Mr. Cornish is an international public company CFO. With over 17 years of leadership experience in finance, strategy, and operations, he is a well-rounded business management leader. Mr. Cornish has worked on multiple start-ups and turn arounds in both Canada and the United States. Mr. Cornish prides himself on overcoming unsolved obstacles in numerous industries and markets. His knowledge of international business practices and successful strategy implementation paired with his ability to adapt and scale quickly, make him a powerhouse in any endeavor. Mr. Cornish holds an MBA from Saint Mary's University in Halifax where he also earned his CPA designation. Paired with his HR designation, Mr. Cornish is skilled at incorporating many facets of business into his role to maximize his overall value to a company.

Mr. Cornish has held not for profit, private and public company board positions throughout his career and continues to find opportunities where he can add value to companies through their strategic direction and corporate governance.

On March 30, 2023, the Company has completed the sale of its subsidiary, GenZeroes Productions Inc., the GenX smart contract and all associated intellectual property (the "Related IP") (collectively, the "Assets"), to GZU Entertainment Inc. (the "Purchaser").

As consideration for the Assets the Company received a promissory note (the "Note") for $800,000 bearing an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Company shall also retain a 50% royalty in perpetuity on all net proceeds from the content owned by the entity GenZeroes Productions Inc., which relates to the already completed first season of the GenZeroes series. The Note shall be secured against the shares of GenZeroes Productions Inc. and the Related IP. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

The Purchaser's team is led by Aleks Paunovic, an actor and producer as well as a cast member of GenZeroes; Rick Dugdale, a director and producer, and founder of Enderby Entertainment; and Neil Stevenson-Moore, the Chief Product Officer of LGL. Concurrent with the closing of the proposed sale of the Assets, Neil Stevenson-Moore has resigned from the Company to focus on developing GenZeroes as a member of the Purchaser's team. The sale allows for potential recapitalization to the Company through the efforts of the new management team from GZU Entertainment Inc.

On January 26, 2023, the Company announced that it had granted 40,133 restricted share units (the "RSUs") to certain directors, officers and a consultant of the Company.

On January 25, 2023, the Company announced that Adam Deffett had resigned from its Board of Directors to pursue other endeavours. In his place, LGL announced that James Henning had been appointed as an independent Director to the Board. Mr. Henning was also appointed as the chair of the audit committee.

On December 29, 2022, the Company announced that Carl Chow had resigned from its Board of Directors to pursue other endeavors. In his place, LGL announced that Lucas Russell has been appointed to the Board of Directors.

On November 14, 2022, the Company announced that it had completed its admission to the Access segment of the AQSE Growth Market ("AQSE") and trading would commence at 8:00 A.M. GMT on Monday, November 14, 2022 ("Admission") under the ticker "NFTX". The Company's shares will also continue to

trade on the NEO Stock Exchange in Canada.
On September 13, 2022, the Company granted incentive stock options to consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest quarterly over 24 months.

On September 8, 2022, the Company announced the appointment of Ryan Lange as the Director of Partnership for HOK. Ryan Lange is an entrepreneur known for his digital work and has worked with artists including but not limited to U2 and Migos.

On August 9, 2022, the Company entered into an agreement to acquire 100% of Web 3.0 Holdings Corp. ("Web 3.0 Holdings"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments (the "Acquisition" or the "Agreement"). On September 7, 2022, pursuant to the agreement, the Company issued the shareholders of Web 3.0 Holdings 184,363 common shares and acquired Web 3.0 Holdings. Web 3.0 Holdings has aggregated a portfolio of retail-focused engagement and optimization assets, including crossover digital identity code scripts and digital distribution product frameworks. The acquisition will allow LGL full access to Web 3.0 Holding's proprietary retail technology platform. The acquisition is an arm's-length transaction.

The Company continues to work on establishing partnerships with media companies, marketing organizations, automotive brands, fashion companies and others, in order to create the most diverse and realistic metaverse experience for all users and brands. This is expected to allow brands to create further value by monetizing existing products, services and/or intellectual properties.

Milestones

Milestones	No.	Estimated Completion Date	Estimated Cost
Investment / Partnership with Gaming Studio(1)	1	Ongoing	$500,000
Investment / Partnership #2(2)	2	Completed	$1,936,000
"Origin": NFT Land Sale(3)	3	Completed	$937,000
Continue to build out human capital(4)	4	Ongoing	Ongoing
HOK beta launch of play-to-earn game: Overlords(5)	5	Completed	$442,100
Pocket Dimension: Launch / BETA testing (6)	6	Completed	$2,250,000
Pocket Dimension: Full Launch(7)	7	Completed	$1,425,000

(1) The Company had planned to make an investment or enter into a partnership with a gaming studio in Q4 2021. The Company incurred $150,000 in costs pursuing suitable transactions to acquire a studio. The Company has not yet found a suitable acquisition target, but continues to pursue investment and partnership opportunities.
(2) On September 7, 2022, the Company acquired Web 3.0, a technology company that is addressing business-to-consumer and business-to-business infrastructure challenges within Web3.0 environments. The consideration paid by the Company to acquire Web 3.0 was 184,363 common shares of the Company.
(3) The Company completed the Land Sale for the metaverse project on April 19, 2022. The launch cost approximately $937,000.
(4) The Company added employees with various expertise to assist with achieving its goals and milestones. As of July 31, 2023, the Company incurred $1,800,954 in employee salaries and wages. The company has discussed the addition of advisory board members in the Company Highlights section of its MD&A.
(5) The Company completed the alpha stage of the Overlords play-to-earn game at the end of Q4 2022. The delay in achieving this milestone was due to time and effort expended on the Company's other milestones and projects. The cost of achieving this milestone was approximately $442,100. The Company is evaluating this project for future development and was seeking for partners to take it to Beta.
(6) The Pocket Dimension (formerly code named "Origin") launch and beta testing was delayed from Q3 2022 to Q1 2023. The delay was due to unforeseen complexities regarding the development of the metaverse. The cost of achieving this milestone was approximately $2,250,000.
(7) The full launch of Origin was delayed from Q4 2022 to Q4 2023. The delay was due to unforeseen complexities regarding the development of the metaverse.

ASSET ACQUISITION

On August 9, 2022, the Company entered into a share purchase agreement ("SPA") to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments.

As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022 payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – Business Combination. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The fair value of the consideration paid was determined based on the fair value of the assets received as determined based on IFRS 2 – Share Based Payments.

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815
Cash	804,460
Net assets assumed	804,460
Acquired intangible assets	1,131,355
	1,935,815

OVERALL PERFORMANCE

At July 31, 2023, the Company had accumulated deficit of $25,211,782 (July 31, 2022 – $12,665,870) since its inception, and has a working capital deficit of $2,448,346 as at July 31, 2023 (2022 – $141,855). The Company incurred a net comprehensive loss of $12,587,314 for the year ended July 31, 2023 (2022 net loss – $12,087,045). The Company used $2,056,527 of cash (2022 used cash of $646,486) in operating activities, cash provided by investing activities of $352,853 (2022 – cash used in investing activities of $2,886,001) and raised a net of $1,484,021 cash (2022 - $3,860,077) from financing activities.

As part of the acquisition of HOK in fiscal 2022, the Company acquired a platform for a blockchain-based virtual world and metaverse. In addition, certain costs incurred in connection with the development of internally generated digital platforms including the those related to the Pocket Dimension metaverse and the Overlords mobile game have been capitalized to intangible assets as development costs.

Internally developed intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets. The costs mainly include the compensation paid to the software developers. During the year ended July 31, 2023, the Company recorded an impairment of $1,477,329 of capitalized development costs related to the Overlords video game and the Pocket Dimension metaverse. The Company also recorded an impairment of $445,167 and $1,131,355 of acquired intangible assets related to the platforms acquired from HOK and Web 3.0 respectively. An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU).

The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth and revenues as a result of a general downturn in the economy, as well as a downturn in the cryptocurrency industry and the value of cryptocurrencies. As a result, the Company has significantly decreased the value the Company could obtain if these assets were sold. It has also significantly decreased the future cash flows expected to be generated by the assets.

Considering the volatility of the industry the Company has recorded the total impairment of $3,053,851 of intangible assets (2022 - $4,104,000) and an impairment of $3,323,409 of goodwill related to the acquisition of HOK as of July 31, 2023 (2022 – $Nil).

The Company had also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Investment in a film series includes the unamortized costs of producing a live-action NFT based series produced by the Company. Costs of producing a film series and costs to develop digital platforms are recognized as intangible assets when the following criteria are met: - it is technically feasible to complete the product so that it will be available for use; - management intends to complete the product; - it can be demonstrated how the product will generate future economic benefits; adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and - the expenditure attributable to the product during its development can be reliably measured.

During the year ended July 31, 2023, the Company disposed of the film series as described above. The intangible asset recorded for the film series was included in the calculation of the $428,307 loss on disposition of GenZeroes recorded during the year ended July 31, 2023. As part of the sale of GenZeroes the Company received a Promissory Note Receivable and at July 31, 2023, the Company had recorded an impairment equal to the carrying value of the Note of $223,948 due to uncertain collectability.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	Fiscal Years Ended July 31,		
	2023	**2022 (as restated)**	**2021**
	$	$	$
Total revenue	654,957	7,005,238	-
Total assets	836,925	7,462,687	2,442
Total non-current financial liabilities	-	-	-
Total liabilities	4,940,487	3,974,897	149,755
Net gain/(loss) for the year	(12,545,912)	(12,061,658)	(52,508)
Basic and diluted loss per share	(6.95)	(9.22)	(0.00)

Total assets decreased in 2021 as a result of expenditures for operations. The losses for 2021 were mainly incurred to maintain activities during the year and losses of 2021 are lower than the years 2022 and 2023 due to the Company's effort to conserve cash.

Total assets increased in 2022 as a result of the issuance of HOK and the commencement of the Web3 platform business. The Company purchased and developed various tangible and intangible assets in 2022.

Total assets decreased in 2023 as a result of expenditures for operations as well as the recording of impairments of intangible assets as described above. The losses for 2023 were mainly incurred to maintain activities during the year and the recording of impairments of intangible assets and goodwill.

RESULTS OF OPERATIONS

For the year ended July 31, 2023, the Company incurred a net comprehensive loss of $12,587,314 compared to a loss of $12,087,045 in the comparative period. The decrease in net loss was mainly the result of a decrease in stock-based compensation and operating expenses (particularly marketing costs) during the year ended July 31, 2023. This was offset by a decrease in sales as well as the recording of an impairment loss on intangible assets as described above during the year ended July 31, 2023.

Some of the significant charges to operations are as follows:

- Revenues in 2023 also decreased from $7,005,238 in fiscal 2022 to $654,957 in fiscal 2022 as a result of the general decrease in the cryptocurrency and NFT marketplace. This decreased both the number of sales, resales and the resale price of the company's outstanding NFTs which resulted in a corresponding decrease in revenue and royalty revenue generated.

- Consulting fees of $104,547 (2022 - $521,980) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. were charged as the Company engaged consultants to assist in the execution of the Company's business plan and decreased significantly in 2023 as management curtailed expenses.
- Corporate development fees of $421,768 (2022 - $757,269) decreased in 2023 as a result of decreased corporate activity in the current year.
- Development costs of $140,034 (2022 - $1,855,368), which decreased in 2023 as the some of the Company's development costs incurred met the criteria for capitalization as intangible assets during 2023. The Company had also substantially completed the development of the metaverse in fiscal 2022. Development costs consist primarily of software and platform development costs which were expensed as incurred as they did not meet the criteria for capitalization.
- Marketing fees of $456,463 (2022 - $2,506,255), which decreased in the current year and were paid to marketing companies in the comparative period as the Company began to increase in the awareness campaigns related to its operations and product launches.
- Professional fees of $603,166 (2022 - $720,237) decreased significantly due to the decrease of legal and accounting fees in the current period compared to additional accounting and legal costs associated with the acquisition and integration of HOK, listing fees and regulatory review in the comparative period.
- Salaries increased to $922,784 (2022 - $854,844) as the Company increased the number of employees on staff for the year ended July 31, 2023.
- Share-based compensation of $2,566,481 (2021 - $5,970,048) decreased as a result of a decrease in options granted and as a result of a large grant of RSUs on April 13, 2022.
- Transfer agent and filing fees of $170,279 (2022 - $216,088) decreased as the Company had more activity in 2022 which resulted in additional filings and fees.
- The Company recorded a gain on the change in fair value of contingent liabilities of $Nil (2022 - $533,450) in the prior period which related to the acquisition of HOK and no such similar transaction was completed in the current period.
- The Company incurred acquisition costs of $Nil (2022 - $375,000) in the comparative period as the Company issued 2,250,000 common shares for finder's fees with a fair value of $225,000 as part of the acquisition of HOK in 2022. The Company also incurred $150,000 of upfront costs relating to two other potential acquisitions in 2022.
- As described above, during fiscal 2023 the Company incurred a loss on the impairment of goodwill of $3,323,409 (2022 - $Nil) and an impairment of intangible assets of $3,053,851 (2022 - $4,104,000). The Company recorded no comparable goodwill impairment in 2022.
- As a result of the disposition of its wholly owned subsidiary GenZeroes described above, the Company incurred a loss on the disposal $428,307 during 2023 (2022 - $Nil). The Company had no disposals in 2022.

Use of Proceeds

The following is a comparison of the Company's anticipated use of proceeds from previous financings to the Company's actual use of proceeds.

Intended use of proceeds of estimated working capital as of February 1, 2022		Amount incurred to date July 31, 2023		Variances
Estimated Transaction costs	$300,000	Estimated Transaction costs	$150,000	No variances anticipated.
Strategic Investment / Partnerships	$1,000,000	Strategic Investment / Partnerships	$150,000	No variances anticipated.
Technological development	$2,250,000	Technological development	$3,153,000	Additional unanticipated costs were incurred for development
Launch of HOK "Origins" Metaverse	$1,000,000	Launch of HOK "Origins" Metaverse	$928,000	No variances anticipated.
General and administrative expenses	$250,000	General and administrative expenses	$865,000	Additional unanticipated costs were incurred for miscellaneous office expenses
Salaries & Benefits	$1,500,000	Salaries & Benefits	$1,801,000	Additional unanticipated costs were incurred for additional staff required and related costs
Rent and IT Expenses	$300,000	Rent and IT Expenses	$302,000	No variances anticipated.
Legal & Compliance, Insurance, Accounting & Audit Fees	$450,000	Legal & Compliance, Insurance, Accounting & Audit Fees	$1,002,000	Additional unanticipated costs were incurred for legal and accounting costs
Marketing, Public and Investor Relations	$1,000,000	Marketing, Public and Investor Relations	$2,546,000	Additional costs incurred were for additional marketing related to the company's land sale.
Earn-Out Payments	$750,000	Earn-Out Payments	$750,000	No variances anticipated.
Unallocated	$347,750	Unallocated	$0	No variances anticipated.
Total	$9,147,750	Total	$11,647,000	

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Income (Loss) for the period	Income (Loss) per Share (Basic & Diluted)	Total Assets
July 31, 2023	$(1,305,255)	$(0.88)	$836,925
April 30, 2023	$(2,838,332)	$(1.50)	$2,668,918
January 31, 2023	$(6,053,301)	$(3.00)	$5,448,039
October 31, 2022	$(2,349,024)	$(1.50)	$8,912,131
July 31, 2022 (restated)	$(5,331,582)	$(8.46)	$7,462,687
April 30, 2022	$(9,000,391)	$(6.00)	$13,949,175
January 31, 2022	$(3,500,385)	$(2.25)	$14,661,433
October 31, 2021	$5,770,700	$7.50	$17,949,671
July 31, 2021	$(13,541)	$ (0.00)	$2,442

SUMMARY OF QUARTERLY RESULTS - DISCUSSION

The net income and net income per share during the quarter ended October 31, 2021, was a result of the acquisition of HOK. During the period ended October 31, 2021 HOK generated $6,496,863 of revenue. Net assets increased mainly as a result of an increase, in cash, digital assets and goodwill. Cash increased as a result of proceeds from sales and equity issuances. Digital assets increased as a result of proceeds from sales. Goodwill was recorded as result of the acquisition of HOK during the quarter.

Net income and net income per share during the quarter ended January 31, 2022, was the result of additional expenditures as a result of the increase in operations as HOK's business operations were increased. The Company also had less revenue during the quarter compared to the quarter ended October 31, 2021, as the previous quarter included a large sale of NFTs for proceeds of $6,245,675 which was not replicated during the quarter ended January 31, 2022. Net assets decreased compared to October 31, 2022, mainly as a result of a decrease in cash and digital assets as a result of expenditures for operations. Goodwill also decreased as a result of adjustments to the purchase price allocation related to the acquisition of HOK.

The increase in net loss during the quarter ended April 30, 2022, was mainly the result of increased stock-based compensation resulting from the grant of stock options and RSUs during the period. The Company also incurred additional marketing expenses associated with the Company's Land Sale during the quarters as well as associated with the upcoming release of the live-action web series. The Company also had decreased revenues for the period as the proceeds of the Company's Land Sale did not meet the criteria for revenue recognition and was recorded as deferred revenue.

The increase in net loss during the quarter ended July 31, 2022, was mainly the result of the of the loss on disposal of equipment. The Company also had decreased revenues for the period as the NFT sales took place in the previous period.

The decrease in net loss during the quarter ended October 31, 2022 when compared to July 31, 2022, was mainly the result of loss on disposal of equipment or large fluctuation in the revaluation of digital assets. The increase in net assets was the result the acquisition of intangibles as part of the Web 3.0 acquisition.

The increase in net loss and decrease in net assets during the quarter ended January 31, 2023 was mainly the result of recording an impairment of goodwill of $3,488,996 during the three months ended January 31, 2023. The increase in net loss and decrease in net assets during the quarter ended April 30, 2023 was mainly the result of recording an impairment of intangibles of $1,895,186 during the three months ended April 30, 2023.

The increase in net loss during the quarter ended July 31, 2023, was mainly the result of the impairment of loss on disposal of equipment. The Company also had decreased revenues for the period as the NFT sales took place in the previous period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended July 31, 2021. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

The Company's working capital deficiency at July 31, 2023 was a $2,448,346 (July 31, 2022 working capital deficiency - $141,855) including cash of $46,979 (July 31, 2022 - $308,035), digital assets of $21,951 (July 31, 2022 - $154,302). As at July 31, 2023, the Company owed loans of $1,374,415 (July 31, 2022 - $40,000) to a non-arm's length party. The Company also recorded deferred revenue of $2,170,910 (July 31, 2022 - $2,604,555).

RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

Dorian Banks – CEO
Francis Rowe – CFO
James Henning – Director & Audit Committee Chair (appointed on January 25, 2023)
Kevin Cornish – Director (appointed on May 23, 2023)
Armita Jalooli– Director (appointed on October 17, 2023)
Lucas Russell – Director (appointed on December 29, 2022, resigned October 17, 2023)
Adam Deffett – Former Director (resigned on January 25, 2023)
Carl Chow – Former Director (resigned on December 29, 2022)
Patrick O'Flaherty – Former Director (resigned on May 23, 2023)
Neil Stevenson-Moore – Former CPO (resigned on March 30, 2023)

TRANSACTIONS WITH RELATED PARTIES

The following amounts due to related parties are included in trade payables and accrued liabilities:

		July 31, 2023		July 31, 2022
Amounts owed to directors of the Company	$	89,808	$	29,895
A private company controlled by a former director of the Company		-		-
	$	89,808	$	29,895

Related party transactions

During the year ended July 31, 2023, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $286,167 (2022 - $413,917) to the Company's key management.

During the year ended July 31, 2023, the Company also incurred stock-based compensation to key management personnel related to the grant of options of $241,085 (2022 - $479,785).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

FOURTH QUARTER RESULTS

The following table summarizes selected financial data for the fourth quarter of the Company for each of the two most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements.

	Three-month period ending July 31, 2023 $	July 31, 2022 $
Revenues	444,997	80,230
Cost of revenues	(64,249)	(15,553)
Gross profit	380,748	64,677
Expenses		
Amortization and depreciation	**48,786**	112,067
Consulting and corporate management fees	**89,930**	35,423
Development costs	**3,999**	626,620
Foreign exchange gain	**3,819**	(38,275)
Interest	**37,784**	9,604
Marketing	**2,200**	574,317
Office expenses and transfer agent costs	**213,162**	335,772
Professional fees	**141,063**	202,510
Share based compensation	**153,490**	866,252
Wages and salaries	**(52,576)**	359,267
Gain on use of digital assets	**1,243**	(251,428)
Loss on revaluation of digital assets	**-**	749,951
Change in FV of contingent liability	**-**	(1,369,216)
Loss on investment	**-**	11,085
Loss on disposal of equipment	**-**	330,560
Impairment of losses	**1,217,026**	4,104,000
Gain on settlement of debt	**(193,499)**	-
Other losses	**19,576**	-
Deferred income tax recovery	**-**	(1,262,250)
Net loss for the period	**(1,305,255)**	(5,331,582)
Basic and diluted loss per share	**(0.88)**	(8.46)

During Q4 2022, operating expenses increased as the Company commenced operations focused on incubating, accelerating and developing projects and applications for the decentralized web. During Q4 2023, operating expenses decreased as the Company focused on conserving cash.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

SIGNIFICANT JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's statements include:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgement of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Stock-based compensation
The fair value of stock-based compensation requires judgement to estimate probability of achieving vesting conditions of RSUs.

Business combinations
Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Leases
Determining whether lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term requires judgement. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments, the fair value of these assets and liabilities acquired in a business combination, the useful lives of long-lived assets, and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The significant accounting policies were the same as those that applied to the Company's audited financial statements for the year ended July 31, 2022.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at July 31, 2023 and July 31, 2022:

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	-
Digital assets	-	21,951	-

	As at July 31, 2022		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	308,035	-	
Digital assets	-	154,302	-

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finace.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of Ethereum. As July 31, 2023, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $2,195.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at July 31, 2023, the Company has cash of $46,979 (2022 - $308,035) and digital assets of $21,951 (2022 - $154,302) available to apply against short-term business requirements and current liabilities of $2,701,723 (2022 - $1,126,423).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at July 31, 2023, Management concludes the exposure to market risk is not material.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, The Company is not aware of any other material or significant claims against the Company.

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen against Looking Glass Labs Ltd. The claim is brought against the company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company and is brought under section 227 of the BC Business Corporations Act.

While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

During the year ended July 31, 2023, a claim was commenced against the Company by Permanent Enterprises Limited against Looking Glass Labs Ltd. The claim is brought against the Company for breach of an office lease. The Company has accrued all amounts unpaid pursuant to the lease.

Additional share information

At the date of this MD&A the Company had the following number of securities issued and outstanding:

Securities	Number
Common shares	1,985,764
Options	166,424
Restricted share units	37,773
Warrants	133,743
Fully diluted share capital	**2,323,704**

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedarplus.ca. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISKS AND UNCERTAINITIES

COVID-19 Outbreak Risks

The Company's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the outbreak of COVID-19. The current COVID-19 global health pandemic is significantly impacting the global economy, including commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and, to date, has included volatility in financial markets, volatility in commodity prices (including precious metals), significant restrictions on travel, temporary business closures, quarantines, and a general reduction in economic and consumer activity, globally, all of which raise concern about a prolonged global recession. In addition, the COVID-19 outbreak may result in operating, supply chain and project development delays which may have material adverse effects on the operations of third parties in which the Company has an interest. Such third party operations may be suspended for precautionary purposes, or due to the imposition of emergency measures or other government action to combat the spread of COVID-19. If the operation or development of one or more third party businesses in which the Company holds an interest is suspended, it may have a material adverse impact on the Company's results of operations and financial condition, or on the trading price of the Company's securities.

Additional pandemic-related risks to Company's business include without limitation, the risk of breach of material contracts, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, unknown adverse global public health developments, and other factors beyond the Company's control, any of which may have a material and adverse effect on the Company's business, financial condition, results of operations, and securities.

The Market price of the Common Shares may experience significant volatility

The market price for Common Shares may be subject to general volatility. Factors such as variations in the Company's financial results, announcements by the Company, developments affecting the business and customers, general interest rate levels, the market price of the Common Shares and general market volatility could cause the market price of the Common Shares to fluctuate significantly.

In addition, future sales or the availability for sale of substantial amounts of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and could impair the Company's ability to raise capital through future sales of its securities.

Market Acceptance

The operating results of the Reporting Issuer's business is subject to the market acceptance of the HOK Products and Services. If the HOK Products and Services do not gain market acceptance, its operating results may be negatively affected. If the markets for the HOK Products and Services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its products; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the HOK Products and Services are not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

The growth of the NFT market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which will be in similar businesses as those of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Failure to Grow at the Rate Anticipated

The Company is a start-up company with no sustained history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Attracting and Retaining Key Personnel

The Company may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its board and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

Expenses May Not Align With Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

The Company has a Limited Operating History

The Company has a very limited history of operations and is in the early stage of operations. As such, the Company will be subject to many risks common to such enterprise including, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

The Company generated a net loss of $12,545,912 and a net loss of $12,061,658 for the years ended July 31, 2023 and 2022. The Company's accumulated deficit as of July 31, 2023 was $25,211,782. The Company intends to continue to expend significant funds to develop its business. As the Company grows, the Company expects the aggregate amount of these expenses will also continue to grow. There is no assurance that sufficient funding will be available in the future. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments.

The Company's efforts to grow the business may be more costly than expected and the Company may not be able to increase its revenue enough to offset higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this document and in the Company's public disclosure record and other unknown events. The amount of future net losses will depend, in part, on the growth of the Company's future expenses and its ability to generate revenue. If the Company continues to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have a material adverse effect on the Company's stockholders' equity and working capital. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease and the Company's ability to raise capital, expand its business or continue operations may be impaired. A decline in the Company's value may also cause investors to lose all or part of their investment.

Ability to Secure Adequate Sources of Funding

The continued development of the Company's business will require additional financing and there is no assurance that the Company will obtain the financing necessary to be able to achieve its business objectives. The Company's ability to obtain additional financing will depend on investor demand, the Company's performance and reputation, market conditions and other factors. The Company's inability to raise such capital could result in the delay or indefinite postponement of the Company's current business or in its inability to continue to carry on its business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets. The Company's continued growth may be financed, wholly or partially, with debt, which may increase the Company's debt levels. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans or realize upon security over the Company's assets, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

Risk Management Efforts May Not Be Effective

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to the Company's business, assets and liabilities. The Company's risk management policies, procedures and techniques, may not be sufficient to identify all of the risks that the Company is exposed to, mitigate the risks that are identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

Dependence on Third Party Relationships

The Company may become highly dependent on a number of third party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.

Tax and Accounting Changes

The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, or the manner in which the Company conducts its business. The Company may expand its operations into foreign jurisdictions in the future. These operations, and any expansion thereto, will require the Company to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to fail to comply.

Additional Costs to Maintain Public Listing

The Company is a reporting issuer and incurs significant legal, accounting and other expenses. The Company will incurs increased costs as a result of operating as a publicly-traded company and its management will be required to devote substantial time to compliance. In addition, securities laws and regulations and stock exchanges rules and polices impose various requirements on public companies, including requirements to file annual, quarterly and event-driven reports with respect to the Company's business and financial condition and operations and to establish and maintain effective disclosure and financial controls and corporate governance practices. The Company's existing management team will need to devote a substantial amount of time to these matters, and may need to hire additional personnel to assist the Company with complying with these requirements. Moreover, these rules and regulations will increase the Company's legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public Company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Being a public Company and complying with applicable rules and regulations will make it more expensive for the Company to obtain director and officer liability insurance, and the Company will incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Company to attract and retain qualified executive officers and board members.

Investor Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors.

Internal Controls

Proper internal control systems and disclosure are critical to the operation of a public company. However, the Company does not expect that its internal controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, the Company’s reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company and its reported financial information, which in turn could result in a reduction in the value of the Common Shares.

Dividends

The Company has not paid any dividends on its outstanding Common Shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company’s Board of Directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes or shifts in political attitude towards blockchain technology in certain countries may adversely affect the Company’s business.

Going Concern Assumption

The financial statements of the Company and HOK have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company and HOK will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company and HOK, and therefore the Company's continuation as a “going concern” is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company’s ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the “going concern” assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Need to Manage Growth

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company’s administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company's business, operations and operating results and financial condition may be materially adversely affected.

Minority Shareholder Risk

Insiders of the Company own approximately a portion of the Company's outstanding Common Shares. Accordingly, insiders of the Company will likely be able to exercise effective control over all matters requiring the approval of the Common Shareholders, including the election of directors and significant corporate transactions.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company requires significant access to credit for business expansion. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Regulatory Risks

The business and activities of the Company may be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Company may be subject to various laws, regulations and guidelines by governmental authorities, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the provision of its services. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate. Amendments to current laws and regulations governing the Company's current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of the Company.

Permits and Licenses

The Company believes it currently has all permits and licences that are necessary to carry on its business. It may require additional licences or permits in the future and there can be no assurance that we will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States, Canada and potentially other jurisdictions. Although the Company is expected to comply with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

Foreign and Crypto Currency Exchange Risk

The Company is a Canadian company, and a material amount of its expenses and fund raising is done in Canadian dollars. Certain of the expenses of the Company may be denominated in U.S. dollars and the initial revenues generated from the sale of NFT products will be in Ethereum. As a result, the Company is subject to foreign and cryptocurrency exchange risks relating to the relative value of the U.S. dollar or Ethereum compared to the Canadian dollar. A decline in the U.S. dollar or Ethereum would result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

General Blockchain and NFT Risks

Valuation of NFTs

The Company will offer, hold, or have funds associated with NFTs. NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "offchain," i.e., not on a decentralized digital asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of the Company's future strategies. In addition, because NFTs generally rely on the same types of underlying technologies as digital assets, most risks applicable to digital assets (including phishing, hacking, blockchain risks) are also applicable to NFTs and hence any investment into NFTs will be subject to general digital assets risks as described elsewhere in these risk factors.

There is uncertainty in determining the value of NFTs when the Company introduces an NFT collection to the market. The valuation of NFTs depends considerably on uniqueness, scarcity and the perception of owners and buyers alongside the availability of distribution channels. It is extremely difficult to anticipate the possible factors which can drive a potential buyer's purchase. Therefore, the value of NFTs would basically depend on how the buyer perceives the NFT in terms of desirability, thereby leading to fluctuations in demand and price.

Difficulty of Market Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the NFT industry. A failure in the demand for its products to materialize as a result of competition, trends, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Demand for NFTs and Volatility.

NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the demand for and value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. The demand for the Company's products and services will correlate with the general NFT market conditions.

NFT Specific Fraud Risks

The growth in popularity of NFTs has resulted in prominent cybersecurity and fraud risks. NFT risks of replica stores that appear similar to original NFT stores with the same logo and content from authentic stores. Another prominent challenge associated with the risks and challenges related to NFTs in cybersecurity refers to fake NFT stores. The fake NFT stores could sell off NFTs which are not present in the first place. At the same time, buyers must also be wary of the concerns due to artist impersonation or counterfeit NFTs. Bad actors cam impersonate well known NFT artists and sell fake NFTs in their names. Other risks relates to copyright theft whereby the NFT creator is not the owner of the underlying copyrighted work.

Smart Contract Risks and NFT Maintenance

Smart contracts on the public blockchain network are susceptible to hackers. There have been instances where hackers were able to exploit the smart contract vulnerability of a blockchain network to alter transactions or re-direct transactions in favour of the hackers.

Although software is being developed to curtail speculative and malicious activities, there can be no assurance that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which NFT transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new NFTs or transactions, using such control.

The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or otherwise, and, as a result, an unauthorized party may obtain access to the Company’s infrastructure. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the infrastructure of the Company. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success as a developer of blockchain-based offerings and platforms 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 that supports blockchain-based technologies will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make blockchain-based technologies viable will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies.

Reliance of Blockchain Technology

The Company will rely on blockchain technology to continue to function and carry out its operations as intended. The Company’s business plan depends upon the growth and adoption of blockchain technology generally and NFTs, bitcoin and Ethereum specifically. If industry participants determine that such crypto asset ecosystems are not effective protocols, due to security risks or other shortcomings, or if another technology emerges which is superior to the blockchain technology, then the value of the Company’s products and services may fall or become worthless.

In particular, current NFT offerings by HOK rely on the Ethereum decentralized network to create, sell and transfer NFTs. Ethereum is a decentralized, open-source blockchain with smart contract functionality. Ether is the native cryptocurrency of the platform. The platform allows anyone to deploy permanent and immutable decentralized applications onto it, with which users can interact. In this regard, Ethereum allows for the creation, exchange and application of NFTs. In the event that the Ethereum network is not available to the Company on a temporary or permanent basis, such event will adversely affect the Company's business of creating NFTs and offering its products.

Limited History of the Blockchain and NFT Markets

Blockchain technology is a new technological innovation with a limited history. The use of NFTs for various purposes on blockchain networks commenced on in 2015. There is no assurance that usage of blockchain or NFTs will continue to grow. A contraction in the use of blockchain or NFTs may result in increased volatility and have an adverse impact on the success of the Company's blockchain-based and NFT offerings.

The risks associated with blockchain and NFT technologies may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain and NFT technologies. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation.

Timely Adaptation to Technology Innovations

The blockchain and telecommunications markets are experiencing rapid technological changes. Failure to anticipate technology innovations or adapt to such innovations in a timely manner, or at all, may result in the Company's products becoming obsolete at sudden and unpredictable intervals. To maintain the relevancy of the Company's products and services, the Company may invest in product and service planning and research and development. The process of developing and marketing new products and services is inherently complex and involves significant uncertainties. There are a number of risks, including the following: (a) the Company's product and service planning efforts may fail in resulting in the development or commercialization of new technologies or ideas; (b) the Company's research and development efforts may fail to translate new product and service plans into commercially feasible products; (c) the Company's new technologies or new products may not be well received by consumers; (d) the Company may not have adequate funding and resources necessary for continual investments in product planning and research and development; (e) the Company's products may become obsolete due to rapid advancements in technology and changes in consumer preferences; and (f) the Company's newly developed technologies may not be protected as proprietary intellectual property rights.

Any failure to anticipate the next-generation technology roadmap or changes in customer preferences or to timely develop new or enhanced products in response could result in decreased revenue and market share. In particular, the Company may experience difficulties with product design, product development, marketing or certification, which could result in excessive research and development expenses and capital expenditure, delays or prevent the Reporting Issuer's introduction of new or enhanced products and services. Furthermore, the Reporting Issuer's research and development efforts may not yield the expected results, or may prove to be futile due to the lack of market demand.

Risk of Regulatory Restrictions on NFTs

As NFTs have grown in both popularity and market size, governments around the world may reacted differently. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change with respect to the use of NFTs is impossible to predict, but any such change could be substantial and adverse to the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. These government actions may result in the restriction of the acquisition, ownership, holding, selling, use or trading in NFTs. Any such restriction could result in decreased market demand for the Company's products and services, and may adversely affect the price of the Common Shares.

Risk of Dependency on the Future Regulatory Environment in the United States and elsewhere

It is likely that the ability to conduct business in the United States and with U.S. customers will be critical to the Company's products and services.

Notwithstanding that U.S. legislators and regulators generally express support for innovation in financial markets and products, they have arguably not moved quickly to clarify the status of cryptocurrencies and other digital assets under U.S. laws, especially securities, commodities, banking and money-transmitter laws, or to accommodate proposals for new businesses or offerings. In recent years, the U.S. Securities and Exchange Commission (the "SEC"), the United States' primary securities and financial markets regulator, has taken noteworthy actions to, among other things, sanction many issuers of digital tokens, reject applications for crypto-related exchange-traded funds and suggest that bitcoin and other digital assets are not suitable holdings for traditional investment funds. It is impossible to predict what directions U.S. regulation might take in the future in respect to NFTs, which depend among other things on agency priorities and budgets, agency personnel turnover and appointments following presidential elections, legislation, judicial decisions, public perception and economic conditions. There can be no assurance that U.S. regulation will advance in a way that is favorable for the Company.

In the event that the Company conducts business in other jurisdictions other than the U.S. and Canada, it will be required to comply with applicable regulatory requirements in those jurisdictions which could be as onerous or more onerous than those of the U.S.

Irrevocability Digital Asset Transactions

Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital assets, such as NFTs, will not be reversible. To the extent that the Company is unable to effect a corrective transaction with a third party, or is incapable of identifying the recipient of its NFTs through error or theft, the Company will not be able to revert or otherwise recover any incorrectly transferred NFTs, or to convert or recover NFTs transferred to uncontrolled accounts.

Software and Intellectual Property

The Company's operations may rely on the use of proprietary and non-proprietary software, data and intellectual property of third parties. The operation of any electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. Further, the Company's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the Company's products and services could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the underlying value or functionality of an NFT offered by the Reporting Issuer may adversely affect the value of the Reporting Issuer's products and services. Additionally, a meritorious intellectual property claim could prevent the Company and other end-users from accessing various networks or holding, using or transferring their NFTs.

Violation of Third Party Intellectual Property Rights

The only significant intellectual property rights are certain intellectual property the Company has in its products, and in other future products and solutions it develops. Although the Reporting Issuer is not aware of violating commercial and other proprietary rights of third parties, there can be no assurance that its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no legal disputes in this respect or perceptible detrimental effects on the Reporting Issuer business have arisen to date, any such claims and disputes arising may result in liability for substantial damages which in turn could harm the Reporting Issuer's business, results of operations and financial condition.

Status of NFTs as a "Security"

A particular NFT's status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company’s business, operating results, and financial condition.

Although recent years have seen some guidance emerge with respect to the question of whether a digital asset constitutes a security for certain purposes under Canada and U.S. law, there remains little or no clear legal authority or established practice with respect to the application to digital assets of concepts like fungibility, settlement, clearing, trade execution and reporting, collateralization, rehypothecation, custody, repo, margin, restricted securities, short sales, bankruptcy and insolvency and many others. Some or all of these concepts may be needed for crypto-related marketplaces to continue to grow, mature and attract institutional participants; there can be no assurances that rules and practices for such concepts will develop in Canada and the United States in a manner that is timely, clear, favorable to the Company or compatible with other jurisdictions’ regimes.

There have been a number of proceedings and investigations conducted by securities authorities regarding digital assets and initial coin offerings but none on NFTs in particular. Due to the lack of direct guidelines relating to NFTs, a registered broker-dealer sent a petition to the SEC in April 2021 requesting that the SEC publish a concept release on the regulation of NFTs and propose rules to address when NFTs are securities. The petition echoed unofficial comments made by the SEC’s Commissioner Hester Pierce who warned people to be cautious selling fractionalized NFTs. She pointed out that the main concept of NFTs is that they are non-fungible and therefore less likely to be a security. However, she added that whether NFTs qualify as securities would largely depend on their use. The SEC’s view appears to be that since NFTs lose their uniqueness when they are fractioned, they are more likely to qualify as “securities”.

If Ethereum, or any other supported digital asset such as an NFT, is deemed to be a security under any Canadian provincial, U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported digital asset and would have a material and adverse effect on the Company and its business and prospectus. For instance, all offerings in such supported digital asset would have to be registered with the applicable Canadian provincial securities authorities, SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks and platforms such as the Company’s on which such supported digital assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the digital asset. Also, it may make it difficult for such supported digital asset to be traded, cleared, and custodied as compared to other digital asset that are not considered to be securities.

Cybersecurity Risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Dependence on Digital Keys

The loss or destruction of a private key required to access certain cryptocurrencies or digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset wallets could adversely affect the Company. Certain cryptocurrencies and digital wallets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet. Private keys typically must be safeguarded and kept private to prevent a third party from accessing the relevant cryptocurrencies and NFTs held in the wallet. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the cryptocurrencies and NFTs held in the wallet. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and NFTs could materially and adversely affect the Company's operations.

Dependence on Cryptocurrency Exchanges

As the Company transacts on the blockchain in connection with the sale of NFTs, the initial payment of the products will be in cryptocurrency. In this regard, the Company will be dependent on cryptocurrency exchanges and the fluctuation of the value of cryptocurrencies. 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, derivatives and other currencies. For example, during the past few years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional 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.

Cryptocurrency is not covered by deposit insurance.

Transactions using cryptocurrency are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

Uninsured or Uninsurable Risks.

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

Risk of a decline in the Adoption and Use of NFTs

Because NFTs are a relatively new asset class and a technological innovation, they are subject to a high degree of uncertainty. The adoption, growth and longevity of any digital asset such as NFTs will require growth in its usage and in the blockchain for various applications. A lack of expansion in use of NFTs and blockchain technologies could adversely affect the financial performance of the Company. In addition, there is no assurance that any particular NFT will maintain their value over the long term. Even if growth in the use of any NFT occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A lack of expansion of NFTs into the retail and commercial markets may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for NFTs may be reduced and prevent the expansion of the networks to merchants and commercial businesses, resulting in a reduction in the price of these assets. A contraction in use of any NFT may result in increased volatility or a reduction in prices, which could materially and adversely affect the value of the Company's assets and the value of any investment in the Common Shares.

Risk of a decline in the continuing development and acceptance of digital assets and distributed ledger technology

The growth of the digital asset industry (of which NFTs are a party of) in general, and distributed ledger technology (blockchain technology) that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols.

Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

Values of digital assets have historically been highly volatile.

As digital asset, a decline of value in NFTs that the Company offers or holds would negatively impact its financial position. A significant portion of demand for digital assets such as NFTs is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed, or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality a single personality or entity may have the ability to exert centralized authority over a network. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of a digital assets.

There is no assurance that cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. Only a limited number of cryptocurrencies, including Ethereum and Bitcoin, have become sometimes accepted as a means of payment for some goods and services, and use of cryptocurrencies by consumers to pay at retail and commercial outlets remains very limited. In part, this is because cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect the Company’s investment strategies, the value of its assets and the value of any investment in the Company.

Other Risks Relating to the Company’s Business

Competition

The Company will compete with other NFT businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and NFT sectors. The Company’s competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The NFT market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers’ demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company’s exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company offers produces and services that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company’s service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

Schedule "D"

Annual Information Form for the fiscal year ended July 31, 2023

LOOKING GLASS LABS LTD.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED JULY 31, 2023

DATED AS OF NOVEMBER 1, 2023

1890 – 1075 West Georgia Street
Vancouver, BC V6E 3C9

TEL: 604-687-2038

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PRELIMINARY NOTES

In this Annual Information Form ("**AIF**"), Looking Glass Labs Ltd. is referred to as the "**Company**" or "**LG Labs**". All information in this AIF is as of July 31, 2023, unless otherwise indicated. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended July 31, 2023 and notes that follow, as well as the accompanying annual management's discussion and analysis, which are available on the Canadian Securities Administrator's SEDAR+ System at www.sedarplus.ca.

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

The information provided in this AIF is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this AIF. These documents must be read together with the AIF in order to provide full, true and plain disclosure of all material facts relating to the Company. The documents listed below are not contained within or attached to this document. The documents may be accessed on SEDAR+ at www.sedarplus.ca under the Company's profile.

- the Company's financial statements for the years ended July 31, 2023 and 2022, and the MD&A related thereto;
- the Company's Management Information Circular dated May 16, 2023, for the annual general meeting of Shareholders held on July 4; 2023;
- the Company's NEO Exchange Filing Statement dated February 1, 2022;
- the SPA dated August 9, 2022, for the purchase of shares of Web 3.0 by the Company from the Shareholders of Web 3.0;
- all of the Company's news releases and material change reports filed during and subsequent to the financial year ended July 31, 2023; all of which are available under the Company's profile on SEDAR+; and
- all of the Company's reports of exempt distributions filed during and subsequent to the financial year ended July 31, 2023; all of which are available on BSCS and OSC websites as applicable, or under the Company's profile on SEDAR+.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

The information provided in this AIF, including schedules and information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "*Description of Business*".

Specific forward-looking information contained in this AIF include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;
- the business and operations of the Company;
- the business, operations, strategies and expectations of the Company;
- the Company's business objectives and discussion of trends affecting the business of the Company;
- the funds available to the Company and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking statements including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward-looking statements are based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking statements are inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking statements include, but are not limited to, those which relate to the following:

- the limited operating history of the Company and its Subsidiaries;
- the historical lack of profitability of the Company;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- the Company's operations, strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development;
- uncertainties related to regulatory regimes and laws;
- dependence on key personnel;

- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- changes in the regulatory environment;
- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses;
- the requirements of being a public-traded company may strain the Company’s resources, divert management’s attention and affect its ability to attract and retain executive management and qualified board members;
- the Company’s business is reliant on blockchain technology;
- the continuing development and acceptance of NFTs and blockchain technology are subject to a variety of risks;
- regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of NFTs in a manner that adversely affects the Company’s operations;
- an NFT’s status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company’s business, operating results, and financial condition;
- blockchain transactions are irrevocable and losses may occur;
- the Company’s use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- the Company’s business is exposed to the potential misuse of NFTs and malicious actors;
- the business of the Company will be exposed to cybersecurity risks;
- digital wallets may be hacked;
- uninsured or uninsurable risks;
- a decline in the adoption and use of NFTs could materially and adversely affect the performance of the Company;
- the demand and prices of NFTs are extraordinarily volatile;
- political or economic crises may motivate large-scale sales of NFTs, which would result in a reduction in values and materially and adversely affect the Company;
- market adoption of NFTs and blockchain technology has been limited to date and further adoption is uncertain;
- the Company will have to adapt to respond to evolving security risks;
- the Company may be unable to obtain adequate insurance to insure its operations;
- intellectual property rights claims may adversely affect the operation of the Company’s business;
- all active and liquid trading markets in the Common Shares may fail to develop;
- the Company’s compliance and risk management programs may not be effective;
- unexpected market disruptions may cause major losses for the Company;
- foreign exchange risk;
- the Company will depend on its senior management and directors to source suitable investment opportunities for the Company;
- managing different business lines could present conflicts of interest;
- operational risk may materially and adversely affect the Company’s performance and results;
- the Company may not be effective in mitigating risk;
- the ongoing COVID-19 pandemic may have an adverse effect on the business of the Company;

- force majeure events may materially and adversely affect the business continuity of the Company;
- the Company will be reliant, in part, on attracting and retaining skilled management and directors;
- situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests;
- the Company may be subject to litigation; and
- the other factors discussed under the heading "*Risk Factors*".

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the companies in which it is invested, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this AIF are based upon what management of Company currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this AIF and, other than as specifically required by law, the Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Consequently, all forward-looking statements made in this AIF and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects to the Company.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of forward-looking statements, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the Company's actual results achieved could vary from the information provided in this AIF, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this AIF are made as of the date of this AIF, and the Company does not undertake any obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this AIF. This is not an exhaustive list of defined terms used in this AIF and additional terms are defined throughout. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Affiliate**" has the meaning ascribed to such term under Section 2(1) of the BCBCA;

"**AIF**" means this AIF including the schedules attached hereto;

"**Applicable Securities Laws**" means all securities and corporate laws, rules, regulations, instruments, notices, blanket orders, decision documents, statements, circulars, procedures and policies that are applicable to the Company;

"**Acquisition**" has the meaning ascribed to it below in Section 2 – General Development of the Business in this AIF;

"**Asset Purchase Agreement**" has the meaning ascribed to it below in Section 2 – General Development of the Business in this AIF;

"**Associate**" has the meaning ascribed to such term under Section 192(1) of the BCBCA;

"**Annual Financial Statements**" means the audited annual financial statements of the Company for the fiscal years ended July 31, 2023 and 2022 respectively, and includes the statements of financial position, statements of comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended. The Annual Financial Statements previously filed with applicable securities commissions are available on the Company's SEDAR+ profile at www.sedarplus.ca and are incorporated into this AIF;

"**Annual MD&A**" means the management's discussion and analysis of the Company for the fiscal years ended July 31, 2023 and 2022, respectively. The Annual MD&A previously filed with applicable securities commissions are available on the Company's SEDAR+ profile at www.sedarplus.ca and are incorporated into this AIF;

"**Audit Committee**" means the audit committee of the Company;

"**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**" means the board of directors of Company;

"B2B" means Business to Business;

"B2C" means Business to Consumer;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

“**Closing**” means the completion of the Transaction;

“**Commissions**” means the BCSC, Ontario Securities Commission and the Alberta Securities Commission.

“**Common Shares**” means the common shares in capital of the Company;

“**Company**” or “**LG Labs**” means Looking Glass Labs Ltd.;

“**Concurrent Financing**” means the non-brokered private placement of the Company completed on November 10, 2021 consisting of 66,666 Units at a price of $37.50 per Unit, for gross proceeds of $2,500,000. Each Unit consists of one Common Share and one Warrant of the Company. Each Warrant will entitle the holder thereof to purchase one additional Common Share a price of $93.75 per Common Share for a period of two years.

“**Consideration Shares**” means the 600,000 Common Shares issued to the Vendors at a deemed price of $7.50 per Consideration Share;

“**Definitive Agreement**” means the definitive share exchange agreement dated September 29, 2021 among HoK and LG Labs;

“**Earn-Out Shares**” means the Common Shares to be issued to the Vendors upon realization of certain revenue-related milestones achieved by HoK for the years ending December 31, 2021 and December 31, 2022;

“**Escrow Agreement**” means the escrow agreement among LG Labs, Endeavor Trust Corporation and the Escrowed Shareholders dated December 16, 2021;

“**Escrowed Shareholders**” means the Shareholders who are parties to the Escrow Agreement;

“**forward-looking statements**” has the meaning ascribed to such term under the heading *“Cautionary Statement on Forward Looking Statements”*;

“**HoK”** means HoK Technologies Inc. d/b/a House of Kibaa;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**MD&A**” means management’s discussion and analysis;

“**NEO Exchange**” means the Neo Exchange Inc. now doing business as Cboe Global Markets;

“**NFT**” means non-fungible token;

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*;

“**Options**” means incentive stock options to purchase shares of the Company;

“**Person**” means a company or individual;

“**Promoter**” means, (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

founding, organizing or substantially reorganizing the business of an issuer, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a "Promoter" if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

"**RSUs**" mean Restricted Share Units.

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval;

"**Shareholders**" means the holders of the Common Shares;

"**SPA**" means the share purchase agreement dated August 9, 2022 among the shareholders of Web 3.0 Holdings Inc. and LG Labs;

"**Subsidiaries**" means the direct and indirect subsidiaries of the Company.

"**Transaction**" means, collectively, the Definitive Agreement, and all transactions contemplated by the Definitive Agreement, including without limitation, the acquisition by the Company of all issued and outstanding shares of HoK;

"**Units**" means the Units issued under the private placements of the Company as the context requires;

"**Vendors**" has the meaning ascribed to such term under the heading "*General Development of the Business";*

"**Warrants**" means warrants to purchase Common Shares;

"Web 3.0" means Web 3.0 Holdings Corp.

"Web 3.0 Consideration Shares" means 184,363 Common Shares issued to the Vendors at a deemed price of $10.50 per Web 3.0 Consideration Share;

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

The Company was incorporated under the BCBCA under the name 1040426 B.C. Ltd. on June 19, 2015. The Company changed its name to BluKnight Aquafarms Inc. on July 12, 2017. On October 8, 2021, the Company changed its name to Looking Glass Labs Ltd.

The Company's head office and registered and records office is located at 1890 – 1075 West Georgia Street, Vancouver, BC V6E 3C9.

On April 23, 2021, the Company consolidated the issued and outstanding Common Shares on the basis of one (1) new share for every three (3) old shares (the "**2021 Share Consolidation**") resulting in a reduction in its issued and outstanding capital to 30,073,489 Common Shares as of April 23, 2021.

On October 6, 2023, the Company consolidated the issued and outstanding Common Share on basis of one (1) new share for every seventy-five (75) old shares (the "**2023 Share Consolidation**") resulting in a reduction in its issued and outstanding capital to 1,985,764 Common Shares as of October 6, 2023.

The Common Shares reserved under its equity and incentive plans were adjusted to reflect the 2021 Share Consolidation and 2023 Share Consolation. All Common Share and per share data presented in this AIF have been retroactively adjusted to reflect the 2021 Share Consolidation and 2023 Share Consolidation unless otherwise noted.

The Company is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and its Common Shares are currently listed for trading on the NEO Exchange under the symbol "NFTX", on the AQSE Growth Market under the symbol "NFTX", OTC Pinksheets under the symbol "LGSLF" and on the Frankfurt Stock Exchange under the symbol "H1N".

1.2 Intercorporate Relationships

As of July 31, 2023, the Company has three (3) wholly-owned subsidiaries as follows:

Subsidiary	Jurisdiction of Incorporation	Ownership Percentage		Direct or Indirect Ownership
		July 31, 2023	July 31, 2022	
HOK Technologies Inc. (“**HoK**”)	BC	100%	100%	Direct
HOK Technologies (BVI) Inc. (“**HOK BVI**")	British Virgin Islands	100%	100%	Direct
Web 3.0 Holdings Corp. (“**Web 3.0**”)	ON	100%	0%	Direct
GenZeroes Productions Inc. (“**GPI**”)	BC	0%	100%	Nil
HOK Vietnam Company Limited (“**HOK Vietnam**”)	Vietnam	0%	100%	Nil

GPI (the “**Production Subsidiary**”) was incorporated under the BCBCA on November 18, 2021 to produce the Company’s projects related to fields of performing arts, new media art, interactive arts, video games, websites, and video under the GenZeroes Series (*See "General Development of the Business"*). On March 30, 2023, the Company completed the sale of GPI to GZU Entertainment Inc.

HOK Vietnam was a company incorporated in Vietnam on January 7, 2022, and subsequently dissolved during the nine months ended April 30, 2023.

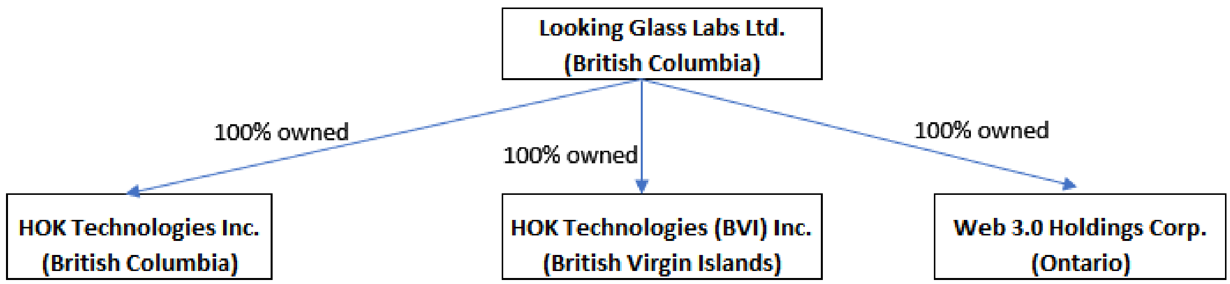
HoK was incorporated under the BCBCA under the name of West Peak Accessories Inc. on December, 31, 2019. HoK changed its name to HOK Technologies Inc. on June 28, 2021. HoK has been established to create one of a kind digital artwork and digital assets in the form of non-fungible tokens (NFTs), an ecosystem for 3D assets, and allowing functional art to exist simultaneously across different NFT blockchain environments. HoK was acquired by the Company in the Transaction.

HOK BVI is a company incorporated in the British Virgin Islands on April 7, 2022. As of the date of this AIF, HOK BVI is inactive.

Web 3.0 was incorporated under the laws of the Province of Ontario on June 11, 2021. Web 3.0 has been established to offer a portfolio of retail-focused engagement and optimization assets, including crossover digital identity code scripts and digital distribution product frameworks. The technology company is addressing B2C and B2B infrastructure challenges within Web3 environments. Web 3.0 was acquired by the Company pursuant to the SPA.

The following diagram presents the organizational chart of the Company, as of the date of this AIF:

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.



2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three Year History During the fiscal years ended July 31, 2023, 2022 and 2021

On August 30, 2021, the Company announced the appointment of Dorian Banks as CEO and Francis Rowe as CFO and Corporate Secretary of the Company. Mr. Gregory Baron resigned as a director and as the CEO of the Company and Ms. Jessica Ross resigned as the CFO of the Company.

On September 14, 2021, the Company announced that it had entered into a letter of intent for the acquisition of all of the issued and outstanding shares of HoK, which specializes in the creation of exclusive NFTs for extended reality.

On September 29, 2021, the Company executed the Definitive Agreement and acquired 100% of the issued and outstanding securities of HoK in consideration for 600,000 Consideration Shares at a deemed price of $7.50 per Consideration Share payable to the shareholders of HoK (the "**Vendors**"). The Consideration Shares are subject to the applicable escrow provisions pursuant to NP 46-201. The Vendors are eligible to earn Earn-Out Shares upon realization of certain revenue-related milestones achieved by HoK for the years ending December 31, 2021 and December 31, 2022. If these revenue milestones are achieved, the number of Earn-Out Shares will be determined in accordance with the market value of the Common Shares at such time. In connection with Transaction, the Company also issued an aggregate of 2,666 Common Shares at a deemed price of $7.50 per Common Share to extinguish certain of HoK's outstanding accounts payable.

The Company paid a finder's fee of 30,000 Common Shares at a deemed price of $7.50 per Common Share to certain qualified third parties in connection with the closing of the Transaction.

On September 30, 2021, HoK sold a collection of 10,000 NFTs under the name GenZeroes that was developed in collaboration with several artists with work experience that includes projects for both the StarWars and Marvel franchises. As a result of the sale, earning gross proceeds of approximately $6.2M, the Vendors were eligible for an earn-out payment consisting of $750,000 and $2,000,000 of Earn-Out Shares. The $750,000 cash earn-out payment was paid by the Company to the Vendors. The $2,000,000 Earn-Out Shares were issued on February 25, 2022 at a deemed price per Common Share of $57.75 per Common Share or 34,562 Earn-Out Shares.

On October 7, 2021, the Company closed a non-brokered private placement of 26,666 Common Shares of the Company issued at a price of $7.50 per Common Share for gross proceeds of $200,000.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

On October 8, 2021, the Company changed its name to Looking Glass Labs Ltd. in order to better reflect its forward-looking business pursuits, including the closing of the Transaction.

On October 14, 2021, the Company appointed Mr. Patrick O'Flaherty to the Board of following the resignation of Mr. Eugene Beukman from its Board of Directors. Additionally, LG Labs granted an aggregate of 80,000 Options to its directors, officers and consultants. Each Option is exercisable for a period of five years at an exercise price of $7.50 per Common Share. The Options vest over a period of 18 months, in one-third tranches of equal size, after the passing of each successive six-month period.

On October 24, 2021, the Company engaged Calgary-based Meadowbank Strategic Partners Inc. ("Meadowbank") to provide investor relations, capital markets and corporate development advisory services to the Company. The Company agreed to pay Meadowbank a minimum fee of $6,000 per month for its services.

On October 25, 2021, the Company appointed Carl Chow to the Board of Directors and Troy Grant resigned from the from the Board of Directors.

On November 4, 2021, the Company changed its auditors from Adam Sung Kim Ltd. to WDM Professional Chartered Accountants.

On November 9, 2021, the Company appointed William Neil Stevenson-Moore as its Chief Product Officer.

On November 10, 2021, the Company completed a non-brokered private placement consisting of 66,666 Units at a price of $37.50 per Unit, for gross proceeds of $2,500,000. Each Unit consists of one Common Share and one Warrant of the Company. Each Warrant entitles the holder thereof to purchase one additional Common Share a price of $93.75 per Common Share for a period of two years. In connection with the private placement, the Company paid finder's fees consisting of $15,900 cash commission, 424 Warrants and 1,946 Common Shares to arm's-length finders. Each finder's Warrant is exercisable into one Common Share at a price of $93.75 per Common Share for a period of five years.

On February 24, 2022, the Company announced that it has engaged MarketSmart Communications Inc. ("**MarketSmart**"), an arm's length party to the Company, to provide investor relations services and the management of the Company's social media channels (collectively, the "**Services**") for an initial period of six (6) months with the option to renew at the Company's election. The Company agreed to pay to MarketSmart $9,500 plus GST per month for the Services. In addition to the monthly retainer, the Company granted to MarketSmart an aggregate of 1,333 Options, each Option is exercisable to purchase one (1) Common Share in the capital of the Company at $57.00 per Common Share for a period of two (2) years and shall vest in one-third (1/3) tranches over a period of 18 months.

On February 25, 2022, the Company issued 34,562 Common Shares at a deemed price of approximately $57.75 per share pursuant to the acquisition of HoK. The shares were earned by the Vendors as a result of HoK achieving a pre-determined revenue related milestone for the calendar year ended December 31, 2021.

On February 24, 2022, the Company announced that it entered into a letter of intent ("**LOI**") to acquire the Development Division of LACA Solutions Corporation subject to a definitive agreement and regulatory approvals. The Company did not proceed with the transaction contemplated under the LOI.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

On March 17, 2022, the Company appointed Ben Yu as a new member of its strategic advisory board. The Company granted 666 Options to Mr. Yu. Each Option is exercisable for a period of two years at an exercise price of $60.00 per Common Share of the Company. The Options vested four months from the grant date

On March 17, 2022, the Company retained the services of Hybrid Financial Ltd. ("**Hybrid**") to provide marketing services to the Company. Hybrid was engaged to heighten market and brand awareness for the Company and to broaden the Company's reach within the investment community. Hybrid was engaged by the Company for an initial period of twelve months (the "**Initial Term**") and thereafter renewable automatically for successive six-month periods, unless terminated by the Company in accordance with the Agreement. Hybrid was paid an up-front cash fee of $80,000 and a monthly cash fee of $22,500, plus applicable taxes, during the Initial Term. Hybrid is arm's length from the Company and does not currently own any of the Company's securities.

On March 17, 2022, the Company filed a non-offering preliminary short form prospectus with the Commissions and on SEDAR. The non-offering preliminary short form prospectus was subsequently withdrawn on September 14, 2022.

On April 12, 2022, the Company appointed Arjun Krishan Kalsy, VP Growth at Polygon, based in Dubai, UAE and Nuseir Yassin, CEO of Nas Academy in Los Angeles, CA, to its strategic advisory board.Arjun Krishan Kalsy is currently focused on helping blockchain developers build for scalability and great user experiences via his central role at Polygon. Nuseir Yassin is a vlogger who is most notable for creating "Nas Daily", which was a project that included 1,000 one-minute videos uploaded daily to Facebook. The Company granted 666 Options to each of the two newly appointed advisory board members. Each Option is exercisable for a period of two years from grant at an exercise price of $56.25 per Common Share of the Company. The Options vested four months from the grant date.

On April 14, 2022, the Company appointed Tom Sweeney to its strategic advisory board. Mr. Sweeney is a seasoned executive with over 25 years of experience in cross-border technology investing, fund management and corporate strategy. The Company granted 666 Options to Mr. Sweeney. Each Option is exercisable for a period of two years from grant at an exercise price of $56.25 per Common Share of the Company. The options vested four months from the grant date.

On April 14, 2022, the Company announced that pursuant to its shareholder approved restricted share unit plan (the "**RSU Plan"**), it has granted an aggregate of 79,000 RSU's to directors, officers and consultants (the "**Eligible Parties**") of the Company. The RSUs that have been granted to directors of the Company will vest over a period of 18 months. Of the aggregate RSUs granted, 333 RSUs were granted to Meadowbank. These additional RSUs granted to Meadowbank are in addition to the previously reported compensation paid to Meadowbank for its services. Meadowbank and its affiliates are unrelated and unaffiliated entities of the Company. The RSUs entitle the Eligible Parties the ability to acquire one Common Share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of five years from issuance. In accordance with the RSU Plan, the RSUs were priced at $52.5 based on the previous closing price on the trading day prior to the RSU grant.

On April 19, 2022, the Company reported gross proceeds totaling approximately $2.59 million from its virtual land sale. The land sale consisted of four-acre parcels of virtual land (with each parcel being a "**Pocket Dimension**"). Pocket Dimension features 10 different environments including Archipelago, Countryside, Dale, Dunes, Fjord, Marsh, Savanna, Tundra, Woodland and Zen. Each environment will offer users various forms of utility including but not limited to hosting events, renting out space, integrating custom structures and adding digital assets. Each Pocket Dimension is a private space representing an area size of approximately 4 acres in which owners can visit, invite friends, display

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

NFTs, create settings, collaborate with others or facilitate experiences through various utilities and uses.

On May 27, 2022, the Company announced that it had engaged MarketAcross, an Israel-based public relations ("**PR**") firm, to enhance the visibility of the marketing initiatives of HoK. Located in Tel Aviv, MarketAcross describes itself as the world's leading blockchain PR ad marketing firm that provides complete end-to-end marketing solutions for blockchain firms.

On June 1, 2022, Ron Moravek was appointed as a member of the Company's advisory board. Mr. Moravek has over 25 years of experience in business development and is passionate about business and software innovation. The Company granted 666 Options to Mr. Moravek. Each Option is exercisable for a period of two years from grant, at an exercise price of $18.75 per Common Share of the Company. The options vested four months from the grant date.

On July 28, 2022, the Company received approval from the Deposition Trust Company ("**DTC**") to make the Company's Common Share eligible to be electronically cleared and settled through DTC.

On August 9, 2022, the Company announced that it agreed to acquire 100% of Web 3.0, a technology company that is addressing B2C and B2B infrastructure challenges within Web3 environments (the "**Acquisition**"). The Company agreed to pay the shareholders of Web 3.0 an aggregate of up to $3.15 million, payable in Common Shares of the Company at a deemed price per Common Share equal to the closing price on the day prior to the agreement date. On September 8, 2022, the Company entered into the SPA and completed the Acquisition. In accordance with the SPA, as consideration for the Acquisition, the Company issued an aggregate 184,363 Common Shares at a deemed price of $11.25 per Common Share. The Company relied on Section 2.16 of the *National Instrument* – Prospectus Exemptions, also known as the take-over bid prospectus exemption in connection with the issuance of the consideration shares.

On September 8, 2022, the Company announced the appointment of Ryan Lange as the Director of Partnership for HoK.

On September 13, 2022, the Company granted Options to consultants to purchase an aggregate of 129,250 Common Shares at an exercise price of $10.50 per Common Share for up to five years. The Options vest quarterly over 24 months.

On October 20, 2022, the Company announced that it has set the launch date for the next step in the staged release (the "**Alpha Release**") of its Pocket Dimension metaverse assets for November 1, 2022.

On November 14, 2022, the Company announced that it completed its admission to the Access segment of the AQSE Growth Market and trading commenced on November 14, 2022 under the ticker "NFTX". The Company's Common Shares also continue to trade on the NEO Exchange in Canada.

On December 5, 2022, the Company announced that it has received positive reviews regarding the Alpha Release.

On December 9, 2022, the Company announced that it has developed the technical platforms and preliminary suite of tools to create tailored brand activations inside of its metaverse offering. The Company has also been in the process of developing partnerships with other brands.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

On December 15, 2022, the Company announced that it has incorporated artificial intelligence ("**AI**") into its next Genesis Member NFT airdrop. Over 900 digital assets featuring nine different designs are being planned to be distributed to over 800 Genesis memberships.

On December 19, 2022, the Company announced that it signed a strategic development agreement, which forms the basis of a strategic development partnership with Cavrnus, Inc. The primary objective of this agreement is to co-develop immersive metaverse experiences for consumer brands.

On December 29, 2022, the Company announced that it has significantly advanced the development of its Pocket Dimension metaverse offering.

On January 4, 2023, the Company announced that it has created a special committee to explore the opportunity set and consider its strategic merit for the formation of a new business unit. The Company also appointed Dorian Banks, CEO; Francis Rowe, CFO; and Lucas Russell, Independent Director to this special committee, with Mr. Banks being named as its inaugural Chairperson.

On January 25, 2023, the Company appointed James Henning as an independent Director and Adam Deffett resigned from the Board of Directors. Mr. Henning was also appointed as the chair of the audit committee.

On January 27, 2023, the Company granted 40,133 RSUs to certain directors, officers, and a consultant of the Company with a four-month hold period for directors and officers. The RSUs vested immediately for the consultant. The grant of RSUs was pursuant to the terms of the RSU Plan and the policies of the NEO Exchange.

On February 17, 2023, the Company announced that it scheduled the launch date for the beta release of its Pocket Dimension metaverse offering for February 21, 2023.

On March 20, 2023, the Company announced that it entered into a LOI to vend GPI, the Genx smart contract ("**GenX**") and all associated intellectual property (the "**Related IP**") (collectively, the "**Assets**") to GenZeroes Universe Inc. (the "**Purchaser**").

On March 30, 2023, the Company announced the completion of the sale of its subsidiary, GPI, GenX, and the Related IP to the Purchaser in accordance with the Asset Purchase Agreement. As consideration for the Assets, the Company received a promissory note (the "**Note**") for CA$800,000 bearing an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Company also retained a 50% royalty in perpetuity on all net proceeds from GPI, which relates to the already completed first season of the GenZeroes series. The Note is secured against the shares of GPI and the Related IP. Upon closing of the transaction, the Purchaser has also granted the Company a non-exclusive and royalty-free license (the "**IP License**") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

On May 29, 2023, the Company announced the launch of its next version Pocket Dimension. LGL's Pocket Dimension metaverse is an online virtual space providing their owners and users a virtual space represented by one of eleven different environments including Archipelago, Countryside, Dale, Dunes, Fjord, Marsh, Savanna, Tundra, Woodland, Zen, and Genesis Moon. Each environment represents a unique representation of one of Earth's ecosystems, as described in each environment's name. Users of Pocket Dimension interact with other users through avatars. The Company also announced the resignation of Patrick O'Flaherty from its Board of Directors, and the appointment of Kevin Cornish to the Boards of Directors.

On June 1, 2023, the Company announced that it has entered into a debt settlement agreement with an arm's-length creditor to eliminate an aggregate of $367,500 of indebtedness, through the issuance of an aggregate of 98,000 Common Shares of the Company. The shares are subject to a hold period of four months plus a day from the date of the issuance.

On July 5, 2023, the Company announced the results of from its annual general meeting held on July 4, 2023.

Operating History Subsequent to July 31, 2023

On September 27, 2023 and October 6, 2023, the Company announced that it received approval from the NEO Exchange to consolidate all of the Company's issued and outstanding Common Shares on the basis of one (1) post consolidation Common Share for each seventy-five (75) pre-consolidation Common Shares, effective October 6, 2023 (the "**Consolidation**"). The Company's name and trading symbol did not change. The new CUSIP number will be 54342Q205 and the ISIN number will be CA54342Q2053 for the Common Shares. The Consolidation resulted in the number of issued and outstanding Common Shares being reduced from 148,937,668 pre-consolidation Common Shares to 1,985,764 post-Consolidation Common Shares of no par value. The exercise or conversion price of Warrants and options, and the number of Common Shares issuable thereunder were proportionately adjusted upon the completion of the Consolidation.

On October 17, 2023, the Company announced the resignation of at Lucas Stemshorn-Russell from the Board of Directors, effective immediately and the appointment of Armita Jalooli to the Board of Directors effective with immediate effect. Ms. Jalooli is experienced in tokenomics, technical research in the cryptocurrency, blockchain and theoretical particle physics. She was the CEO and co-founder of a start-up that was acquired in less than one year of operation. She holds two master's degrees from world-class universities, including Business Management from the Schulich School of Business and Computer Engineering from University of Toronto in Ontario. She specialises in the intersection of machine learning and finance and has received multiple top scholarships throughout her education. She advises start-ups with their strategies and business proposals.

Significant Acquisitions

As described below, the Company completed the Transaction.

On September 29, 2021, the Company acquired 100% of the issued and outstanding securities of HoK in consideration for 600,000 Consideration Shares at a deemed price of $7.50 per Consideration Share payable to the Vendors. The Consideration Shares issued to the principal of HoK are subject to the applicable escrow provisions pursuant to NP 46-201. The Vendors are eligible to earn Earn-Out Shares upon realization of certain revenue-related milestones achieved by HoK for the years ending December 31, 2021 and December 31, 2022. If these revenue milestones are achieved, the number of Earn-Out Shares will be determined in accordance with the market value of the Common Shares at such time, and will be subject to the statutory four month and one day hold period. In connection with Transaction, the Company also issued an aggregate of 2,666 Common Shares at a deemed price of $7.50 per Common Share to extinguish certain of HoK's outstanding accounts.

On August 9, 2022, the Company entered into the SPA to acquire 100% of the issued and outstanding securities of Web 3.0. On September 7, 2022, the Company announced completed the Acquisition of Web 3.0. As consideration for the Acquisition, the Company issued 184,363 Common Shares in the capital of the Company at a deemed price of $10.50 per Common Share. The Acquisition was an arm's-length transaction and completed pursuant to Section 2.16 of the *National Instrument* – Prospectus Exemptions, also known as the take-over bid prospectus exemption.

3. DESCRIPTION OF BUSINESS

3.1 General Summary

Prior to the completion of the Transaction, the Company was a business development services company. It provided business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public.

The Company specializes in consumer engagement applications to leverage immersive metaverse environments, gamification and Web 3.0/blockchain monetization strategies.

The Company's roadmap for 2023 and 2024 consists of furthering its Web 3.0 monetization strategies and finding additional avenues to utilize its developed metaverse environments.

Pocket Dimension Metaverse

The Pocket Dimension metaverse is a hyper-realistic digital world that is being built using the latest version of Unreal Engine in order to offer users a premium virtual experience. Pocket Dimensions feature 10 different environments. Pocket Dimension is a private virtual space that provides users the ability to explore the virtual space and socialize with other users, through avatars.

The Company released its Alpha version of its Pocket Dimension metaverse on November 1, 2022, its Beta version on February 21, 2023, and publicly released the Pocket Dimension metaverse on May 29, 2023

Each Pocket Dimension is a private space for holders of the specific NFT to visit, invite friends, and interact with the friends through the internet. All Pocket Dimensions have this same function. The difference between each Pocket Dimension is the aesthetics. There are ten types of Pocket Dimensions: Tundra, Dale, Woodland, Dunes, Savanna, Archipelago, Zen, Countryside, Fjord, and Marsh. Each type of Pocket Dimension represents a biome. For example, the Tundra Pocket Dimension represents an ice age biome; the Dale Pocket Dimension represents a forest biome, and the Dunes Pocket Dimension represents a desert biome. Holders of a Pocket Dimension NFT select a specific Pocket Dimension type/biome based on their personal preference.

Content Creation

The Company has an in-house design and blockchain development team, available to provide consulting services such as NFT design and back-end solutions to third-party clients. The Company has successful launched several Web 3.0 strategies for company's seeking to expand from traditional consumer markets to Web 3.0.

Crypto Assets and Safeguards

The Company stores its Ethereum cryptocurrency ("**ETH**"), the main cryptocurrency used in NFT markets, on physical hardware device often referred to as a "hardware wallet". The hardware device is similar looking to a USB thumb drive, except instead of saving data to the device, the devices store cryptocurrency offline. The Company does not hold any other cryptocurrencies beyond ETH. The seed phrase to be used to retrieve the contents of the wallet if the ledger device is physically lost is maintained by two officers of the Company. If the ledger device is lost, the officers of the Company may gain access of the wallet by providing the correct seed phrase. The redundancy is to ensure that the seed phrase is available if required at any time. On a weekly basis, the Company assesses the cryptocurrency market conditions and its quarterly budget requirements while it monitors and

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

liquidates its ETH holdings into Canadian currency on at least a bi-weekly basis by transferring the required ETH on a cryptocurrency exchange for immediate sale for Canadian currency.

Below is a summary of the options for any cryptocurrency holder to store their cryptocurrency, and the justification for why the Company has elected to store its cryptocurrency on a hardware wallet.

There are various options to store cryptocurrency including hardware devices (hardware wallet), software applications (hot wallet) and custodial (third-party). The Company has chosen to store its cryptocurrency on a hardware wallet until it decides to liquidate the ETH for Canadian currency, as cold wallet storage provides the Company with direct access and control of its ETH at all times.

	HARDWARE WALLET	**HOT WALLET**	**CUSTODIAL WALLET**
Description	Hardware that stores cryptocurrency offline.	Application that stores cryptocurrency online.	Another party, such as a crypto exchange, stores your cryptocurrency.
Benefits	Highest level of security.	Convenience and ease of use.	Simplest option and most convenient.
Drawbacks	Cost of device (~ $100) and inconvenience.	Security risk of storing cryptocurrency online.	Security risk of leaving cryptocurrency in another party's possession.

Hardware Wallet

A hardware wallet is an offline crypto wallet utilizing a hardware device. Hardware wallets are small devices that connect to your computer and store cryptocurrency. They connect to the internet when sending and receiving cryptocurrency, but, other than that, they keep cryptocurrency offline. Each hardware wallet has a recovery phrase (also known as a seed phrase). This phrase, which is a series of randomly generated words allows the wallet holder to recover the cryptocurrency if the device is lost. The words in the seed phrase may consist of 12 or 24 words and each word is randomly generated, and have no particular meaning when the 12 or 24 words are read in sequence.

Offline crypto storage is widely considered the best option from a security perspective. While cryptocurrency is held offline, it cannot be accessed or transacted by third parties. Cold wallets protect cryptocurrency from hackers and exchange outages. Using a cold wallet means that no one can access the Company's ETH and other cryptocurrencies without that specific hardware device or its backup seed phrase. With pin codes, passwords and biometrics (i.e. touch ID and facial recognition), cold wallets are the best way to protect (https://www.forbes.com/sites/forbes-personal-shopper/2021/07/19/best-crypto-wallet/?sh=f33dcc2b0093)

The biggest downside of cold wallets is the convenience factor. Since one needs to connect the hardware wallet to a computer to move cryptocurrency (i.e. move cryptocurrency to another address on the blockchain or to a cryptocurrency exchange to sell for currency), the process is slower than it would be if the cryptocurrency is kept online.

Hot Wallet

A hot wallet is an application that stores cryptocurrencies online. Hot wallets are typically available as desktop and mobile apps, and there are also web-based hot wallets. Hot crypto wallets have a few notable good points:

- They give control over crypto;
- Free to use; and
- Convenient - one can send and receive cryptocurrency very quickly with this type of wallet.

However, because hot wallets store cryptocurrency online, they carry the risk of being hacked if the computer using the hot wallet is compromised by a virus.

Custodial Wallet

A custodial wallet is when a third party holds cryptocurrency for the owner. The third party may hold the cryptocurrency, either through cold (offline) storage, hot (online) storage, or a combination of the two.

- Many investors use custodial wallets with no issues, and there are advantages to this type of wallet:
- It requires the least amount of work on the user's part;
- Provides easy to access to the cryptocurrency by logging into the third party's website; and
- No concerns about losing a wallet. As long as the owner can access its account with the third party, the owner can access the cryptocurrency being held on behalf of the owner.

However, as a third-party controls and is in possession of the cryptocurrency, the owner is relying on its security measures implemented by the third party as well as the financial stability of the third party.

GENERAL INDUSTRY OVERVIEW

The following section provides an overview of certain common components in the Web 3.0 industry, NFT industry (i.e. token vs. non- fungible token, metaverse), followed by a brief history of the NFT market.

Tokens

Tokens are digital objects which represent the right to perform some operation. There are many different types of tokens, but the most common are utility, security, and currency tokens. Utility tokens are often unique codes or identifiers that provide their owner with access to a digital service. A fungible token can be easily exchanged for another item or value because each token is equivalent, and all tokens have the same value. Bitcoin (BTC) is an example of a fungible token. If you borrow 1 BTC from a lender, you can pay the lender back with a different BTC, and the lender would be receiving the same value in return[1].

Non-Fungible Tokens

[1] "Non-fungible tokens: Emerging issues in the emerging marketplace," DLA Piper (https://www.dlapiper.com/en/us/insights/publications/2021/03/ipt-news-q1-2021/non-fungible-tokens-emerging-issues-in-the-emerging-marketplace/)

In contrast, a non-fungible token is unique. It is one of a kind, and it has its own value. It therefore cannot be replaced by another NFT. A digital piece of art that is "tokenized" with an NFT is also unique. While it is possible to make a copy of the artwork, the NFT makes it easy to determine that the copy is not the original. When an artist tokenizes his or her digital piece of art and creates an NFT, it can be certified as a one-of-a-kind copy, and thus the NFT achieves the same kind of subjective value as a physical piece of art. NFTs are digital tokens that can include digital arts, digital assets, music, video, or any other asset in the digital world that is built based on blockchain technology[2].

Any digital asset, or a right in an underlying asset, can be tokenized to make an NFT. When an object is tokenized with an NFT, its data is turned into a digital form that exists on a blockchain with unique digital information which will distinguish it from other NFTs. Blockchains record a series of events or transactions. Once an asset on the blockchain is sold, the data of the transaction constitutes a link in the chain. Each subsequent transaction is then added as a new link[3].

Blockchains are immutable, and the data entered into a chain is irreversible. This means that transactions on a chain for a digital asset cannot be modified or reversed. Also, as a decentralized network, a blockchain is typically open and anyone can view the history of the transactions for a digital asset themselves. These properties prevent assets on a blockchain from being pirated, stolen, or destroyed, and allow individuals to easily verify the uniqueness of the asset[4].

As a novel development evolved from the blockchain technology, NFTs represent a new era of digital goods. Each NFT has a unique signature and transforms an underlying digital or physical asset, such as art and other collectibles, into an "one-of-a-kind", verifiable digital asset. These NFTs can then be securely owned and easily traded, making it the fastest growing and most attractive technology for artists and collectors.

Metaverse

Metaverse is a broad term that does not have an exact definition, but generally refers to shared virtual world environments which people can access via the internet[5]. The term "metaverse" is an evolving concept but can be loosely defined as "a virtual-reality space in which users can interact with a computer-generated environment and other users" in XR. Extended Reality, or XR, refers to all real-and-virtual combined environments and human-machine interactions generated by computer technology and wearables. XR brings Augmented Reality (AR), Virtual Reality (VR), and Mixed Reality (MR) under one umbrella term.

As certain metaverses are intended to represent an environment for users to interact in the XR, NFTs have been implemented as a component in the metaverse to represent a unique being (i.e. human, robot, animal, etc.), unique object (i.e. artwork, virtual land, etc.) or a unique trait.

At the moment, people interact with each other online by going to websites such as social media platforms or using messaging applications. The idea of the metaverse is that it will create new online spaces in which people's interactions can be more multi-dimensional, where users are able to immerse themselves in digital content rather than simply viewing it. There are various types of metaverses ranging from social platforms where people can socially interact with other people in the

[2] See Note 2
[3] See Note 2
[4] See Note 2
[5] https://www.reuters.com/technology/what-is-metaverse-2021-10-18/

metaverse instead of the real world, or gaming worlds where users have a character that is able to walk around and interact with other players under a certain storyline.

NFT Industry Origins

The original concept for NFT started in 2014 when a project known as Counterparty was launched as a peer-to-peer financial platform where users could create their own unique currency[6], but it wasn't until 2017 when the first projects began appearing on the Ethereum blockchain in the ERC 20 standard, and over the next two years more NFT standards were accepted and utilized. Each NFT is composed of metadata which gives each one their individuality these attributes can include size, artist name scarcity etc.[7] CryptoPunks was released in June 2017 as one of the first NFTs on the Ethereum blockchain. Only 10,000 CryptoPunk NFTs were issued, and each CryptoPunk NFT represented a unique character (human, zombie, ape, alien) with varying attributes. CryptoKitties was another NFT project launched in 2017[8]. Each CryptoKitty NFT represented a unique digital cat that could "breed" with another CryptoKitty to create offspring with traits passed down from the original "parent" CryptoKitties. Between 2018 and 2021 NFTs slowly move into public awareness before exploding into mainstream adoption in early 2021[9].

From 2018 to 2019, the adoption of NFTs was on the downtrend, but from 2019 to 2020, the demand for NFTs increased as demonstrated by an increasing trend in the number of active digital wallets interacting with an NFT, the number of NFT buyers and sellers, the value of NFTs purchased and sold[10].

By 2020, well known brands showed interest in or started to implement NFTs as part of their marketing strategy for their businesses. Video game companies like Ubisoft (Rabbid Tokens) and Atari (Atari Token), sports leagues like the NBA (NBA Top Shot) and MLB (MLB Champions), fashion and luxury brands like Nike (CryptoKicks) and Breitling (luxury watch digital certificates), entertainment and cinema brands like BBC Studios and Warner Music Group, technology and infrastructure companies like IBM and Samsung (with NFT support), and art and auction houses like Christie's (NFT-bound artwork) and Sotheby's, all either offered NFTs, supported NFTs or showed interest in NFT-related projects).[11]

Market Overview

Reuters reports that the NFT market has reached US$2.5 billion in sales volume during the first half of 2021, which is nearly 200x more than the US$13.7 million in sales registered during the first half of 2020[12].

The implementation of NFTs into augmented reality (AR) and virtual reality (VR) represents a value-added combination of two complementary technologies. AR and VR environments grant users a platform to showcase, explore, and interact with 3-dimensional NFTs and metaverses are created as a result. With the possibility of generating profit through increasing asset and real estate values as well as through cash flow associated with the economic activity happening within the virtual worlds, this innovative market is rapidly gaining traction for artists, collectors, and investors alike, generating immense growth in sales and revenues.

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[6] https://www.indiatimes.com/technology/news/non-fungible-tokens-history-crypto-digital-art-548624.html
[7] "Non-Fungible Tokens Yearly Report – 2020", page 3 (NonFungible.com)
[8] https://www.digitaltrends.com/features/what-are-nfts-non-fungible-tokens-history-explained/
[9] https://blog.portion.io/the-history-of-nfts-how-they-got-started/
[10] "Non-Fungible Tokens Yearly Report – 2020", page 26 (NonFungible.com)
[11] "Non-Fungible Tokens Yearly Report – 2020", pages 104-106 (NonFungible.com)
[12] https://www.coinspeaker.com/nft-market-2-5b-sales-h1-2021/

Intellectual Property

The Company believes its properties, namely HouseofKibaa. have intangible value, and the necessary and appropriate applications for associated rights are underway. The Company has also taken steps to register the following trademarks associated with the Company's business:

Summary of Trademark Portfolio
Applicant: Looking Glass Labs Ltd.

Matter	VL Ref:	Trademark	Jurisdiction	App. No.
1	T1	LOOKING GLASS LABS	Canada	2,150,389
			US	97/147,026
2	T2	AURA	Canada	
			US	
3	T3	UNFT	Canada	
			US	
4	T4	ADHARA	Canada	
			US	
5	T5	ADHARA & Design	Canada	
			US	

Summary of Trademark Portfolio
Applicant: HOK Technologies Inc.

Matter	VL Ref:	Trademark	Jurisdiction	App. No.
1	T1	HOUSE OF KIBAA	Canada	2,136,381
			US	97/050,010
2	T2	HOK	Canada	2,136,393
			US	97/050,044
3	T3	HK & Design	Canada	2,136,397
			US	97/050,069
4	T4	LOOKING GLASS	Canada	
			US	
5	T5	GENZEROES	Canada	2,140,520
			US	97/127,097
6	T6	GENZEROES & Design	Canada	2,147,378
			US	97/127,294
7	T7	GENX	Canada	2,140,521
			US	97/127,174
8	T8	ORIGIN	Canada	
			US	

Seasonality

The Company does not anticipate that any of its business lines will have any seasonality. However, the demand for NFTs and the market value of NFTs are subject to fluctuations as a component of the

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market desire for NFTs is based on the perception of owners and buyer and therefore is difficult to anticipate the possible factors which can drive the next purchases of NFTs. See “*Risk Factors*” for additional risk factors.

Dependence on Suppliers and Foreign Operations

The Company is not currently dependent on any specific third-party contract and has several alternatives for each key function provided by third parties. The Company has no risks associated with foreign operations.

Employees

As at the date of this AIF, the Company has zero employees.

Competitive Conditions

The Company is uniquely positioned to compete with a market advantage given its branding, relationships, social media following and execution ability, both operational and technical. From a relationship perspective, the Company’s current team has a combined 25+ years in the digital asset space and have strong relationships with key players both within the industry and outside. This enables HoK to lock in key partnerships, especially with NFT sales to help drive the growth of the Company’s revenue streams and customer base. Lastly, from an execution perspective, the team has a strong track record for executing and building profitable businesses from ideation to completion. See “*Risk Factors*” for risk factors related to competitors.

Lending

The Company does not undertake any lending activities.

Bankruptcies, Receiverships and Similar Proceedings

There has never been any bankruptcy, receivership or similar proceedings against the Company or HoK and the Company or HoK has not been party to any voluntary bankruptcy, receivership or similar proceedings.

Reorganizations

There has not been any material reorganization of the Company or HoK since its incorporation other than the completion of the Transaction.

3.2 Risk Factors

The risks and uncertainties 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 the Company’s business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value or future trading price of the Common Shares (one or more of the foregoing, a “**Material Adverse Effect**”). The occurrence of any of the possible events and risks described below and elsewhere in this AIF could have a Material Adverse Effect.

This AIF also contains forward-looking statements that involve risks and uncertainties. The Company’s actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this AIF. See "*Cautionary Note Regarding Forward-Looking Statements*".

The Company is exposed in varying degrees to a variety of risks, some of which may be anticipated by the Company and some of which may not be anticipated. The risk factors below detail some, but not all, of the risks that the Company is subjected to.

The Market price of the Common Shares may experience significant volatility

The market price for Common Shares may be subject to general volatility. Factors such as variations in the Company's financial results, announcements by the Company, developments affecting the business and customers, general interest rate levels, the market price of the Common Shares and general market volatility could cause the market price of the Common Shares to fluctuate significantly.

In addition, future sales or the availability for sale of substantial amounts of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and could impair the Company's ability to raise capital through future sales of its securities.

Market Acceptance

The operating results of the Company's business is subject to the market acceptance of the HoK Products and Services. If the HoK Products and Services do not gain market acceptance, its operating results may be negatively affected. If the markets for the HoK Products and Services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its products; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the HoK Products and Services are not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

The growth of the NFT market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which will be in similar businesses as those of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

The Company has a Limited Operating History

The Company has a very limited history of operations and is in the early stage of operations. As such, the Company will be subject to many risks common to such enterprise including, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

The Company generated a net loss of $12,545,912 and a net loss of $12,061,658 for the years ended July 31, 2023 and 2022. The Company's accumulated deficit as of July 31, 2023 was $25,211,782. The Company intends to continue to expend significant funds to develop its business. As the Company grows, the Company expects the aggregate amount of these expenses will also continue to grow. There is no assurance that sufficient funding will be available in the future. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments.

The Company's efforts to grow the business may be more costly than expected and the Company may not be able to increase its revenue enough to offset higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this document and in the Company's public disclosure record and other unknown events. The amount of future net losses will depend, in part, on the growth of the Company's future expenses and its ability to generate revenue. If the Company continues to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have a Material Adverse Effect on the Company's stockholders' equity and working capital. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease and the Company's ability to raise capital, expand its business or continue operations may be impaired. A decline in the Company's value may also cause investors to lose all or part of their investment.

Expenses May Not Align with Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

Failure to Grow at the Rate Anticipated

The Company is a start-up company with no sustained history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Attracting and Retaining Key Personnel

The Company may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its Board of Directors and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

Ability to Secure Adequate Sources of Funding

The continued development of the Company's business will require additional financing and there is no assurance that the Company will obtain the financing necessary to be able to achieve its business objectives. The Company's ability to obtain additional financing will depend on investor demand, the Company's performance and reputation, market conditions and other factors. The Company's inability to raise such capital could result in the delay or indefinite postponement of the Company's current business or in its inability to continue to carry on its business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets. The Company's continued growth may be financed, wholly or partially, with debt, which may increase the Company's debt levels. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans or realize upon security over the Company's assets, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

Risk Management Efforts May Not Be Effective

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to the Company's business, assets and liabilities. The Company's risk management policies, procedures and techniques, may not be sufficient to identify all of the risks that the Company is exposed to, mitigate the risks that are identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

COVID-19 Outbreak Risks

The Company's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the outbreak of COVID-19. The COVID-19 global health pandemic has had a significant impact on the global economy, including commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and, to date, has included volatility in financial markets, volatility in commodity prices (including precious metals), significant restrictions on travel, temporary business closures, quarantines, and a general reduction in economic and consumer activity, globally, all of which raise concern about a prolonged global recession. In addition, the COVID-19 outbreak created operating, supply chain and project development delays which may have material adverse effects on the operations of third parties in which the Company has an interest. Such third party operations may be suspended for precautionary purposes, or due to the imposition of emergency measures or other government action to combat the spread of COVID-19. If the operation or development of one or more third party businesses in which the Company holds an interest is suspended, it may have a material adverse impact on the Company's results of operations and financial condition, or on the trading price of the Company's securities.

Additional pandemic-related risks to the Company's business include without limitation, the risk of breach of material contracts, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, unknown adverse global public health developments, and other factors beyond the Company's control, any of which may have a material and adverse effect on the Company's business, financial condition, results of operations, and securities.

Dependence on Third Party Relationships

The Company may become highly dependent on a number of third party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.

Tax and Accounting Changes

The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, or the manner in which the Company conducts its business. The Company may expand its operations into foreign jurisdictions in the future. These operations, and any expansion thereto, will require the Company to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to fail to comply.

Additional Costs to Maintain Public Listing

The Company is a reporting issuer and incurs significant legal, accounting and other expenses. The Company will incur increased costs as a result of operating as a publicly-traded company and its management will be required to devote substantial time to compliance. In addition, securities laws and regulations and stock exchanges rules and polices impose various requirements on public companies, including requirements to file annual, quarterly and event-driven reports with respect to the Company's business and financial condition and operations and to establish and maintain effective disclosure and financial controls and corporate governance practices. The Company's existing management team will need to devote a substantial amount of time to these matters, and may need to hire additional personnel to assist the Company with complying with these requirements. Moreover, these rules and regulations will increase the Company's legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public companies required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Being a public company and complying with applicable rules and regulations will make it more expensive for the Company to obtain director and officer liability insurance, and the Company will incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Company to attract and retain qualified executive officers and board members.

Internal Controls

Proper internal control systems and disclosure are critical to the operation of a public company. However, the Company does not expect that its internal controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, the Company's reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company and its reported financial information, which in turn could result in a reduction in the value of the Common Shares.

Investor Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors.

Dividends

The Company has not paid any dividends on its outstanding Common Shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Board of Directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes or shifts in political attitude towards blockchain technology in certain countries may adversely affect the Company's business.

Going Concern Assumption

The financial statements of the Company and HoK have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company and HoK will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company and HoK, and therefore the Company's continuation as a "going concern" is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company's ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the "going concern" assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Need to Manage Growth

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company's administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company's business, operations and operating results and financial condition may be materially adversely affected.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company requires significant access to credit for business expansion. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Minority Shareholder Risk

Insiders of the Company own approximately <1% of the Company's outstanding Common Shares. Accordingly, insiders of the Company will not likely be able to exercise effective control over all matters requiring the approval of the Shareholders, including the election of directors and significant corporate transactions.

Regulatory Risks

The business and activities of the Company may be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Company may be subject to various laws, regulations and guidelines by governmental authorities, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. The Company's business objectives are contingent upon, in

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Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the provision of its services. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate. Amendments to current laws and regulations governing the Company's current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of the Company.

Permits and Licenses

The Company believes it currently has all permits and licences that are necessary to carry on its business. It may require additional licences or permits in the future and there can be no assurance that the Company will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States, Canada and potentially other jurisdictions. Although the Company is expected to comply with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

Foreign and Crypto Currency Exchange Risk

The Company is a Canadian company, and a material amount of its expenses and fund raising is done in Canadian dollars. Certain of the expenses of the Company may be denominated in U.S. dollars and the initial revenues generated from the sale of NFT products will be in Ethereum. As a result, the Company is subject to foreign and cryptocurrency exchange risks relating to the relative value of the U.S. dollar or Ethereum compared to the Canadian dollar. A decline in the U.S. dollar or Ethereum would result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

General Blockchain and NFT Risks

Valuation of NFTs

The Company will offer, hold, or have funds associated with NFTs. NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online “collectibles,” similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to “boom and bust” cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored “offchain,” i.e., not on a decentralized digital asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of the Company’s future strategies. In addition, because NFTs generally rely on the same types of underlying technologies as digital assets, most risks applicable to digital assets (including phishing, hacking, blockchain risks) are also applicable to NFTs and hence any investment into NFTs will be subject to general digital assets risks as described elsewhere in these risk factors.

There is uncertainty in determining the value of NFTs when the Company introduces an NFT collection to the market. The valuation of NFTs depends considerably on uniqueness, scarcity and the perception of owners and buyers alongside the availability of distribution channels. It is extremely difficult to anticipate the possible factors which can drive a potential buyer’s purchase. Therefore, the value of NFTs would basically depend on how the buyer perceives the NFT in terms of desirability, thereby leading to fluctuations in demand and price.

Difficulty of Market Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the NFT industry. A failure in the demand for its products to materialize as a result of competition, trends, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Demand for NFTs and Volatility

NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online “collectibles,” similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the demand for and value of NFTs may be prone to “boom and bust” cycles as popularity increases and subsequently subsides. The demand for the Company’s products and services will correlate with the general NFT market conditions.

NFT Specific Fraud Risks

The growth in popularity of NFTs has resulted in prominent cybersecurity and fraud risks. NFT risks of replica stores that appear similar to original NFT stores with the same logo and content from authentic stores. Another prominent challenge associated with the risks and challenges related to NFTs in cybersecurity refers to fake NFT stores. The fake NFT stores could sell off NFTs which are not present in the first place. At the same time, buyers must also be wary of the concerns due to artist impersonation or counterfeit NFTs. Bad actors can impersonate well known NFT artists and sell fake NFTs in their names. Other risks relate to copyright theft whereby the NFT creator is not the owner of the underlying copyrighted work.

Smart Contract Risks and NFT Maintenance

Smart contracts on the public blockchain network are susceptible to hackers. There have been instances where hackers were able to exploit the smart contract vulnerability of a blockchain network to alter transactions or re-direct transactions in favour of the hackers.

Although software is being developed to curtail speculative and malicious activities, there can be no assurance that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which NFT transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new NFTs or transactions, using such control.

The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or otherwise, and, as a result, an unauthorized party may obtain access to the Company's infrastructure. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the infrastructure of the Company. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success as a developer of blockchain-based offerings and platforms 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 that supports blockchain-based technologies will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make blockchain-based technologies viable will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies.

Reliance of Blockchain Technology

The Company will rely on blockchain technology to continue to function and carry out its operations as intended. The Company's business plan depends upon the growth and adoption of blockchain technology generally and NFTs, bitcoin and Ethereum specifically. If industry participants determine that such crypto asset ecosystems are not effective protocols, due to security risks or other shortcomings, or if another technology emerges which is superior to the blockchain technology, then the value of the Company's products and services may fall or become worthless.

In particular, current NFT offerings by HoK rely on the Ethereum decentralized network to create, sell and transfer NFTs. Ethereum is a decentralized, open-source blockchain with smart contract functionality. Ether is the native cryptocurrency of the platform. The platform allows anyone to deploy permanent and immutable decentralized applications onto it, with which users can interact. In this regard, Ethereum allows for the creation, exchange and application of NFTs. In the event that the

Ethereum network is not available to the Company on a temporary or permanent basis, such event will adversely affect the Company's business of creating NFTs and offering its products.

Limited History of the Blockchain and NFT Markets

Blockchain technology is a new technological innovation with a limited history. The use of NFTs for various purposes on blockchain networks commenced in 2015. There is no assurance that usage of blockchain or NFTs will continue to grow. A contraction in the use of blockchain or NFTs may result in increased volatility and have an adverse impact on the success of the Company's blockchain-based and NFT offerings.

The risks associated with blockchain and NFT technologies may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain and NFT technologies. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation.

Timely Adaptation to Technology Innovations

The blockchain and telecommunications markets are experiencing rapid technological changes. Failure to anticipate technology innovations or adapt to such innovations in a timely manner, or at all, may result in the Company's products becoming obsolete at sudden and unpredictable intervals. To maintain the relevancy of the Company's products and services, the Company may invest in product and service planning and research and development. The process of developing and marketing new products and services is inherently complex and involves significant uncertainties. There are a number of risks, including the following: (a) the Company's product and service planning efforts may fail in resulting in the development or commercialization of new technologies or ideas; (b) the Company's research and development efforts may fail to translate new product and service plans into commercially feasible products; (c) the Company's new technologies or new products may not be well received by consumers; (d) the Company may not have adequate funding and resources necessary for continual investments in product planning and research and development; (e) the Company's products may become obsolete due to rapid advancements in technology and changes in consumer preferences; and (f) the Company's newly developed technologies may not be protected as proprietary intellectual property rights.

Any failure to anticipate the next-generation technology roadmap or changes in customer preferences or to timely develop new or enhanced products in response could result in decreased revenue and market share. In particular, the Company may experience difficulties with product design, product development, marketing or certification, which could result in excessive research and development expenses and capital expenditure, delays or prevent the Company's introduction of new or enhanced products and services. Furthermore, the Company's research and development efforts may not yield the expected results, or may prove to be futile due to the lack of market demand.

Risk of Regulatory Restrictions on NFTs

As NFTs have grown in both popularity and market size, governments around the world may reacted differently. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change with respect to the use of NFTs is impossible to predict, but any such change could be substantial and adverse to the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. These government actions may result in the restriction of the acquisition, ownership, holding, selling, use or trading in NFTs. Any such restriction could result in decreased market demand for the Company's products and services, and may adversely affect the price of the Common Shares.

Risk of Dependency on the Future Regulatory Environment in the United Sates and elsewhere

It is likely that the ability to conduct business in the United States and with U.S. customers will be critical to the Company's products and services.

Notwithstanding that U.S. legislators and regulators generally express support for innovation in financial markets and products, they have arguably not moved quickly to clarify the status of cryptocurrencies and other digital assets under U.S. laws, especially securities, commodities, banking and money-transmitter laws, or to accommodate proposals for new businesses or offerings. In recent years, the U.S. Securities and Exchange Commission (the "**SEC**"), the United States' primary securities and financial markets regulator, has taken noteworthy actions to, among other things, sanction many issuers of digital tokens, reject applications for crypto-related exchange-traded funds and suggest that bitcoin and other digital assets are not suitable holdings for traditional investment funds. It is impossible to predict what directions U.S. regulation might take in the future in respect to NFTs, which depend among other things on agency priorities and budgets, agency personnel turnover and appointments following presidential elections, legislation, judicial decisions, public perception and economic conditions. There can be no assurance that U.S. regulation will advance in a way that is favorable for the Company.

In the event that the Company conducts business in other jurisdictions other than the U.S. and Canada, it will be required to comply with applicable regulatory requirements in those jurisdictions which could be as onerous or more onerous than those of the U.S.

Status of NFTs as a "Security"

A particular NFT's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company's business, operating results, and financial condition.

Although recent years have seen some guidance emerge with respect to the question of whether a digital asset constitutes a security for certain purposes under Canada and U.S. law, there remains little or no clear legal authority or established practice with respect to the application to digital assets of concepts like fungibility, settlement, clearing, trade execution and reporting, collateralization, rehypothecation, custody, repo, margin, restricted securities, short sales, bankruptcy and insolvency and many others. Some or all of these concepts may be needed for crypto-related marketplaces to continue to grow, mature and attract institutional participants; there can be no assurances that rules and practices for such concepts will develop in Canada and the United States in a manner that is timely, clear, favorable to the Company or compatible with other jurisdictions' regimes.

There have been a number of proceedings and investigations conducted by securities authorities regarding digital assets and initial coin offerings but none on NFTs in particular.[13] Due to the lack of direct guidelines relating to NFTs, a registered broker-dealer sent a petition to the SEC in April 2021 requesting that the SEC publish a concept release on the regulation of NFTs and propose rules to address when NFTs are securities.[14] The petition echoed unofficial comments made by the SEC's Commissioner Hester Pierce who warned people to be cautious selling fractionalized NFTs. She pointed out that the main concept of NFTs is that they are non-fungible and therefore less likely to be a security. However, she added that whether NFTs qualify as securities would largely depend on their use[15]. The SEC's view appears to be that since NFTs lose their uniqueness when they are fractioned, they are more likely to qualify as "securities"[16].

If Ethereum, or any other supported digital asset such as an NFT, is deemed to be a security under any Canadian provincial, U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported digital asset and would have a material and adverse effect on the Company and its business and prospectus. For instance, all offerings in such supported digital asset would have to be registered with the applicable Canadian provincial securities authorities, SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks and platforms such as the Company's on which such supported digital assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the digital asset. Also, it may make it difficult for such supported digital asset to be traded, cleared, and custodied as compared to other digital asset that are not considered to be securities.

Irrevocability Digital Asset Transactions

Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital assets, such as NFTs, will not be reversible. To the extent that the Company is unable to effect a corrective transaction with a third party, or is incapable of identifying the recipient of its NFTs through error or theft, the Company will not be able to revert or otherwise recover any incorrectly transferred NFTs, or to convert or recover NFTs transferred to uncontrolled accounts.

Software and Intellectual Property

The Company's operations may rely on the use of proprietary and non-proprietary software, data and intellectual property of third parties. The operation of any electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. Further, the Company's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the Company's products and services could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the underlying value or functionality of an NFT offered by the Company may

[13]https://mcmillan.ca/insights/nfts-and-implications-under-canadian-securities-law/
[14] https://www.sec.gov/rules/petitions/2021/petn4-771.pdf
[15] Sophie Kiderlin, "The SEC's 'Crypto Mom' Hester Peirce says selling fractionalized NFTs could be illegal" (26 March 2021) - https://markets.businessinsider.com/news/currencies/sec-crypto-mom-hester-peirce-selling-nft-fragments-illegal-2021-3
[16] See Note 19

adversely affect the value of the Company's products and services. Additionally, a meritorious intellectual property claim could prevent the Company and other end-users from accessing various networks or holding, using or transferring their NFTs.

Violation of Third-Party Intellectual Property Rights

The only significant intellectual property rights are certain intellectual property the Company has in its products, and in other future products and solutions it develops. Although the Company is not aware of violating commercial and other proprietary rights of third parties, there can be no assurance that its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no legal disputes in this respect or perceptible detrimental effects on the Company's business have arisen to date, any such claims and disputes arising may result in liability for substantial damages which in turn could harm the Company's business, results of operations and financial condition.

Cybersecurity Risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Dependence on Digital Keys

The loss or destruction of a private key required to access certain cryptocurrencies or digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset wallets could adversely affect the Company. Certain cryptocurrencies and digital wallets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet. Private keys typically must be safeguarded and kept private to prevent a third party from accessing the relevant cryptocurrencies and NFTs held in the wallet. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the cryptocurrencies and NFTs held in the wallet. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and NFTs could materially and adversely affect the Company's operations.

Dependence on Cryptocurrency Exchanges

As the Company transacts on the blockchain in connection with the sale of NFTs, the initial payment of the products will be in cryptocurrency. In this regard, the Company will be dependent on cryptocurrency exchanges and the fluctuation of the value of cryptocurrencies. 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, derivatives and other currencies. For example, during the past few years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional 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.

Cryptocurrency is not covered by deposit insurance

Transactions using cryptocurrency are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

Risk of a decline in the continuing development and acceptance of digital assets and distributed ledger technology

The growth of the digital asset industry (of which NFTs are a party of) in general, and distributed ledger technology (blockchain technology) that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols.

Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

Values of digital assets have historically been highly volatile

As digital assets, a decline of value in NFTs that the Company offers or holds would negatively impact its financial position. A significant portion of demand for digital assets such as NFTs is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed, or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality a single personality or entity may have the ability to exert centralized authority over a network. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of a digital assets.

There is no assurance that cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. Only a limited number of cryptocurrencies, including Ethereum and Bitcoin, have become sometimes accepted as a means of payment for some goods and services, and use of cryptocurrencies by consumers to pay at retail and commercial outlets remains very limited. In part, this is because cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company.

Risk of a decline in the Adoption and Use of NFTs

Because NFTs are a relatively new asset class and a technological innovation, they are subject to a high degree of uncertainty. The adoption, growth and longevity of any digital asset such as NFTs will require growth in its usage and in the blockchain for various applications. A lack of expansion in use of NFTs and blockchain technologies could adversely affect the financial performance of the Company. In addition, there is no assurance that any particular NFT will maintain their value over the long term. Even if growth in the use of any NFT occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A lack of expansion of NFTs into the retail and commercial markets may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for NFTs may be reduced and prevent the expansion of the networks to merchants and commercial businesses, resulting in a reduction in the price of these assets. A contraction in use of any NFT may result in increased volatility or a reduction in prices, which could materially and adversely affect the value of the Company's assets and the value of any investment in the Common Shares.

Other Risks Relating to the Company's Business

Competition

The Company will compete with other NFT businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and NFT sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The NFT market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company offers produces and services that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

4. DIVIDENDS AND DISTRIBUTIONS

The Company does not currently intend to declare any dividends payable to the holders of the Common Shares. The Company has no restrictions on paying dividends, but if the Company generates earnings in the foreseeable future, it expects that they will be retained to finance growth. The directors of the Company will determine if and when dividends should be declared and paid in the future based upon the Company's financial position at the relevant time. All of the Common Shares will be entitled to an equal share in any dividends declared and paid.

5. DESCRIPTION OF CAPITAL STRUCTURE

5.1 General Description of Capital Structure

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. There are 1,985,764 Common Shares issued and outstanding as of the date of this AIF.

Holders of Common Shares are entitled to one vote for each Common Share held at all meetings of Common Shareholders, to receive dividends if, as and when declared by the Board of Directors, and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of the Common Shares. The Common Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities, or provisions requiring a shareholder to contribute additional capital.

Stock Options and RSUs

As recommended and approved by the directors, at the shareholders meeting held on July 04, 2023, shareholders approved the Company's stock option plan ("**Option Plan**") and the RSU Plan, (collectively, the "**2021 Plans**") to grant Options and RSU's to directors, officers, key employees and consultants of the Company. Pursuant to the RSU Plan and the Option Plan, the Company may reserve up to a maximum of 20% of the issued and outstanding Common Shares at the time of grant pursuant to awards granted under the 2021 Plans.

As of the date of this AIF, the Company has the following securities outstanding:

<table>
<tr><th>Designation of Security</th><th>Amount authorized</th><th>Outstanding as of the date of this AIF(1)</th></tr>
<tr><td>Common Shares</td><td>Unlimited</td><td>1,985,764</td></tr>
<tr><td>Options</td><td rowspan="2">20% of issued and outstanding</td><td>166,424</td></tr>
<tr><td>RSUs</td><td>37,773</td></tr>
<tr><td>Warrants</td><td>N/A</td><td>133,743</td></tr>
<tr><td>Total Fully Diluted</td><td></td><td>2,323,704</td></tr>
</table>

(1) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

5.2 Constraints

There are no constraints on the ownership of securities of the Company.

5.3 Ratings

Neither the Company, nor any of its Subsidiaries, has received any ratings.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

6. MARKET FOR SECURITIES

6.1 Trading Price and Volume

The Common Shares are listed and traded on the NEO Exchange under the symbol "NFTX". The following table provides the historical monthly trading price ranges and volumes for the Common Shares for the months indicated:

Date	Price Range (CAD$)		Volume (No. of Common Shares) (1)
	High(1)	Low(1)	
August 2022	14.25	10.50	5,342
September 2022	15.75	9.75	19,859
October 2022	13.13	7.50	70,203
November 2022	16.50	9.00	130,060
December 2022	30.00	4.88	1,344,428
January 2023	5.63	3.38	365,280
February 2023	4.13	1.50	357,493
March 2023	2.63	1.88	34,365
April 2023	2.63	1.50	27,069
May 2023	1.88	1.13	27,946
June 2023	1.88	1.13	27,768
July 2023	1.50	0.75	28,643
August 2023	1.125	0.375	64,030
September 2023	1.125	0.375	148,216
October 2023	0.75	0.17	134,843

Notes:

1. The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

6.2 Prior Sales

During the fiscal year ended July 31, 2023 to the date of this AIF, the Company issued the class of securities in the following table:

Security	Date of Issuance	Number of Securities(8)	Issue Price or Exercise Price per Security(8)($)	Expiry Date (if applicable)
Common Shares	September 7, 2022	184,363(1)	$11.25	-
Common Shares	September 20, 2022	111(2)	$7.50	-
Common Shares	November 17, 2022	13,3332)	$7.50	-
Common Shares	November 25, 2022	20,000 (3)	$10.50	-
Common Shares	December 2, 2022	6,666(4)	$7.50	-
Common Shares	December 7, 2022	3,333(4)	$7.50	-

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

Security	Date of Issuance	Number of Securities[(8)]	Issue Price or Exercise Price per Security[(8)]($)	Expiry Date (if applicable)
Common Shares	December 8, 2022	444[(2)]	$7.50	-
Common Shares	December 12, 2022	13,333[(4)]	$7.50	-
Common Shares	December 14, 2022	3,333[(4)]	$7.50	-
Common Shares	December 14, 2022	14,666[(3)]	$52.50	-
Common Shares	December 15, 2022	888[(2)]	$7.50	-
Common Shares	December 21, 2022	2,555[(2)]	$7.50	-
Common Shares	December 21, 2022	1,777[(3)]	$52.50	-
Common Shares	December 30, 2022	222[(3)]	$7.50	-
Common Shares	December 30, 2022	2,222[(2)]	$7.50	-
Common Shares	January 3, 2023	68,333[(3)]	$5.63	-
Common Shares	January 27, 2023	6,800[(3)]	$3.75	-
Common Shares	June 1, 2023	98,000[(5)]	$3.75	-
Options	September 13, 2022	129,250[(6)]	$10.50	September 13, 2027
RSUs	September 13, 2022	20,000	-	September 13, 2027
RSUs	December 29, 2022	68,333	-	December 29, 2027
RSUs	January 26, 2023	40,133[(7)]	-	January 26, 2028

(1) Common Shares issued pursuant to the acquisition of 100% of Web 3.0.
(2) Common Shares issued pursuant to the exercise of Options.
(3) Common Shares issued pursuant to RSU conversions.
(4) Common Shares issued pursuant to the exercise of Warrants.
(5) Common Shares issued pursuant to the debt settlement.
(6) Options subject to achieving certain milestones.
(7) 2,500,000 RSUs of which are subject to vesting after 4 months and a day from the issuance date.
(8) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

For greater details, see "*General Development of the Business – Three Year History*".

7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As at the date of this AIF, there are NIL shares subject to escrow or subject to a contractual restriction on transfer.

8. DIRECTORS AND EXECUTIVE OFFICERS

8.1 Name, Occupation and Security Holding

The following table sets the name, residence and principal occupation of each director and executive officer of the Company. In addition, the table shows the date on which each individual first became a director and/or officer and the number of Common Shares and other securities that each individual beneficially owns, or exercises control or direction over, directly or indirectly, as of the date of this AIF.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

The information as to shares owned beneficially, not being within the knowledge of the Company, has been forwarded by the directors and officers individually.

Name of Director / Officer	Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed	Number of Other Securities Held[3]
Dorian Banks		
British Columbia, Canada CEO since August 25, 2021	Nil	6,666 Options 7,999[1] RSU's 2,666 Warrants
	Principal Occupation for the past five years: Mr. Banks is an international serial entrepreneur, having started dozens of businesses in Europe, Africa, Asia and North and South America.	
Francis Rowe		
British Columbia, Canada CFO since August 25, 2021 and Corporate Secretary since November 30, 2021	Nil	6,666 RSU's
	Principal Occupation for the past five years: Mr. Rowe is a Chartered Professional Accountant in Victoria, BC where he provides accounting, tax and business advisory services.	
Armita Jalooli[2]		
British Columbia, Canada Director since October 17, 2023	Nil	Nil
	Principal Occupation for the past five years: Ms. Jalooli is experienced in tokenomics, technical research in the cryptocurrency, blockchain and theoretical particle physics. She was the CEO and co-founder of a start-up that was acquired in less than one year of operation	
James Henning[2]		
British Columbia, Canada Director since January 25, 2023	Nil	6,666 RSU's
	Principal Occupation for the past five years: Mr. Henning is a Chartered Accountant and Founder and President of Corpfinance Advisors Inc. since 1984.	
Kevin Cornish[2]		
Alberta, Canada Director since May 23, 2023	Nil	Nil
	Principal Occupation for the past five years: Mr. Cornish is skilled at incorporating many facets of business into his role to maximize his overall value to a company.	

(1) Subject to achieving certain milestones.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

(2) Member of the Audit Committee.
(3) The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

As of the date of this AIF, the directors and executive officers of the Company as a group, directly or indirectly, beneficially owns or exercises control or direction over Nil Common Shares, representing approximately 0.00% of the issued and outstanding Common Shares on a non-diluted basis (or 30,663 Common Shares representing approximately 1.34% of the total outstanding Common Shares on a fully diluted basis).

The current members of the Audit Committee are Armita Jalooli, James Henning, and Kevin Cornish. All members of the Audit Committee are considered to be financially literate. Ms. Jalooli, Mr.Henning, and Cornish are not executive officers of the Company and, therefore, are independent members of the Audit Committee. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgement. A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer.

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

In the following table, "Audit Fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related Fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit / Audit Related Fees	Tax Fees	All Other Fees
July 31, 2023	$105,000	Nil	Nil
July 31, 2022	$40,079	Nil	Nil

The Company's Audit Committee Charter is attached hereto as Schedule A.

Management and Directors

The following is a brief description of the key members of management and directors of the Company:

Dorian Banks – Chief Executive Officer, 53 - Mr. Banks is an international serial entrepreneur, having started dozens of businesses in Europe, Africa, Asia and North and South America. For over 25 years, he has primarily worked in the tech, agri-tech and blockchain sectors including wireless

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

technology, 3D printing, digital assets, stevia plantations, quinoa and guar plantations, mobile apps, solar electricity generation and more. Mr. Banks primarily works to identify up-and-coming trends, develop a business model and turn the idea into a successful business. He has also consulted globally on the sectors he has most expertise. Mr. Banks has served on over a dozen public Boards and taken his own startups to the public markets such as MetroBridge Networks which he started as a one-man operation. He also has served in larger corporations such as Chief Knowledge Officer of Voith GmbH in Germany. He continues as Managing Director of Design Build Research, a non-profit educating around sustainable building practices.

Francis Rowe - Chief Financial Officer and Corporate Secretary, 32 - Mr. Rowe is a Chartered Professional Accountant in Victoria, BC where he provides accounting, tax and business advisory services. In addition, he currently serves as a Director and Chief Financial Officer for several private entities. Mr. Rowe holds a Bachelor of Science degree from the University of Northern British Columbia and is a member of the Chartered Professional Accountants of British Columbia.

Kevin Cornish – Director, 39 – Mr. Cornish is an international public company CFO. Mr. Cornish holds an MBA from Saint Mary's University in Halifax where he also earned his CPA designation. Paired with his HR designation, Mr. Cornish is skilled at incorporating many facets of business into his role to maximize his overall value to a company.

Armita Jalooli – Director, 29 - Ms. Jalooli is experienced in tokenomics, technical research in the cryptocurrency, blockchain and theoretical particle physics. She was the CEO and co-founder of a start-up that was acquired in less than one year of operation. She holds two master's degrees from world-class universities, including Business Management from the Schulich School of Business and Computer Engineering from University of Toronto in Ontario. She specializes in the intersection of machine learning and finance and has received multiple top scholarships throughout her education. She advises start-ups with their strategies and business proposals.

James Henning – Director, 75 - Mr. Henning is a Chartered Accountant and Founder and President of Corpfinance Advisors Inc. since 1984. His areas of expertise include retail cannabis, manufacturing, telecommunications, software, biomedical, oil and gas services as well as renewable energy industries. Mr. Henning has served as a CFO and Director for a number of companies listed on the TSXV, the CSE and NEO Exchange over the past several years.

8.2 <u>Cease Trade Orders, Bankruptcies, Penalties or Sanctions</u>

Cease Trade Orders

To the knowledge of the Company, no director, officer or promoter of the Company, or a securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been, within 10 years before the date of this AIF, a director, officer or promoter of any person or company 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 issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days; or

(b) was subject to a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or 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; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) 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

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.3 <u>Conflicts of Interest</u>

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests with they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the knowledge of the Company, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management, as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promotes and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

9. PROMOTERS

There are no promoters of the Company.

10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated other than the information provided below.

Other than as disclosed below, to the knowledge of the Company, no director, officer or promoter of the Company, or a securityholder holding sufficient securities of the Company to affect materially the control of the Company, has:

(a) 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

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

On April 6, 2023, the Company, Dorian Banks, CEO, Francis Rowe, CFO and Corporate Secretary and Lucas Stemshorn-Russell, a director of the Company and other unrelated named defendants – were served with a Notice of Civil Claim (the "**Claim**") by Thanh Khiet (Jason) Nguyen ("**Mr. Nguyen**").

Mr. Nguyen is claiming civil fraud / fraudulent misrepresentation, breach of contract, civil conspiracy and is seeking remedy under section 227 of the BCBCA. The Company and the named defendants intend to defend the Claim; a response to the Claim has been filed and the Company has hired legal representation.

11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the closing of the Transaction as disclosed at *Section 2 – General Development of the Business – 2.2 Significant Transactions* of this AIF, no director, executive officer or principal shareholder of the Company, or an Associate or Affiliate of a director, executive officer or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this AIF or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for its Common Shares is Endeavor Trust Corporation, of Suite 702 – 777 Hornby Street, Vancouver, BC V6Z 1S2.

13. MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company during the year ended July 31, 2023 and to the date hereof which are currently in effect and considered to be material:

(a) the Definitive Agreement, as described elsewhere in this AIF;

(b) the Escrow Agreement, as described elsewhere in this AIF;

(c) the Lock-Up Agreement as described elsewhere in this AIF;

(d) the SPA, as described elsewhere in this AIF; and

(e) the Asset Purchase Agreement, as described elsewhere in this AIF.

The Company confirms that it has posted on SEDAR+ all material contracts listed in this AIF.

14. INTERESTS OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate or Affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. WDM Chartered Professional Accountants is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

15. ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.com.

Additional financial information is provided in the Company's audited financial statements and related management discussion and analysis for its financial year ended July 31, 2023, available on SEDAR+ at www.sedarplus.ca. In addition, the Company's Audit Committee Charter is attached hereto as Schedule "A".

SCHEDULE A

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the audit committee (the "Audit Committee") of the directors of the Company (the "Board") is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's Chief Financial Officer and Chief Executive Officer and any other key financial executives involved in the financial reporting process.

3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.

8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.

11. Establish and review the Company's procedures for the:
- receipt, retention and treatment of complaints regarding accounting, financial disclosure,
- internal controls or auditing matters; and
- confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the Business Corporations Act (British Columbia) and the articles of the Company.

Note: The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.

Schedule “E”

Unaudited Condensed Interim Consolidated Financial Statements for nine months ended April 30, 2024 and 2023

METASPHERE LABS INC.

(FORMERLY LOOKING GLASS LABS LTD.)

Unaudited Condensed Interim Consolidated Financial Statements

Nine months ended April 30, 2024 and 2023

Expressed in Canadian Dollars

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) have been prepared by and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	April 30, 2024 $	(Audited) July 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**332,583**	46,979
Accounts receivable		**161,970**	110,658
Digital assets	5	**-**	21,951
Prepaid expenses		**18,798**	73,790
		513,351	253,378
Non-current assets			
Right-of-use assets	8	**-**	226,754
Intangible assets	3, 7	**730,627**	-
Property and equipment	6	**16,742**	35,553
Deferred contract costs	16	**32,124**	321,240
Total assets		**1,292,844**	836,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,12	**1,195,846**	1,137,010
Due to related parties	12	**46,536**	14,233
Loans payable	10	**127,314**	1,374,415
Deferred revenue – current portion	16	**217,493**	-
Lease liabilities – current portion	8	**-**	176,065
		1,587,189	2,701,723
Non-current liabilities			
Lease liabilities	8	**-**	67,854
Deferred revenue	16	**-**	2,170,910
Total liabilities		**1,587,189**	4,940,487
SHAREHOLDERS' DEFICIENCY			
Share capital	11	**20,457,673**	17,444,673
Reserve	11	**3,512,551**	3,720,574
Warrant reserve	11	**9,762**	9,762
Accumulated other comprehensive loss		**(66,789)**	(66,789)
Deficit		**(24,207,542)**	(25,211,782)
Total shareholders' deficiency		**(294,345)**	(4,103,562)
Total liabilities and shareholders' deficiency		**1,292,844**	836,925

Nature and Continuance of Operations (Note 1)

Approved by the board of directors and authorized for issue on June 14, 2024:

"James Henning"
James Henning, Director

"Kevin Cornish"
Kevin Cornish, Director

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
		April 30, 2024 $	**April 30, 2023 $**	**April 30, 2024 $**	**April 30, 2023 $**
Revenues					
NFT sales	16	651,138	-	1,953,419	-
Royalty income	16	-	344	-	5,512
Services income	16	25,000	-	25,000	204,448
Total revenues		676,138	344	1,978,419	209,960
Cost of revenues		(124,348)	(23,632)	(317,092)	(45,636)
Gross profit		551,790	(23,288)	1,661,327	164,324
Expenses					
Amortization	6,7,8	40,643	84,395	67,356	253,191
Consulting fees	12	166,160	27,069	242,011	93,543
Corporate development fees		26,000	71,436	40,876	342,842
Development costs		-	-	-	136,035
Foreign exchange		-	(1,877)	-	(1,877)
Interest expense		4,149	36,966	51,514	75,379
Marketing		9,672	9,761	19,311	454,263
Office expenses		33,090	13,823	79,890	156,603
Professional fees	12	122,169	77,822	275,372	462,103
Stock-based compensation (recovery)	11,12	16,111	123,030	(18,023)	2,412,991
Transfer agent and filing fees		25,746	-	82,966	123,085
Wages and salaries		-	109,614	4,093	975,360
Operating expenses		**(443,740)**	**(552,039)**	**(845,366)**	**(5,483,518)**
Other items					
Change in revaluation of digital assets	5	-	(6,397)	-	(7,650)
Gain (loss) on use of digital assets	5	-	4,434	6,021	4,103
Gain on settlement of debt		95,812	27,001	200,343	27,001
Interest income		-	6,324	-	6,324
Impairment of intangibles		-	(1,895,186)	-	(1,895,186)
Impairment of goodwill		-	-	-	(3,488,996)
Loss on loss of control of subsidiary		-	(365,097)	-	(365,097)
Loss on termination of lease		-	-	(18,085)	-
Income (loss) from continuing operations		**203,862**	**(2,804,248)**	**1,004,240**	**(11,038,695)**
Loss from discontinued operations	5	-	(34,084)	-	(201,962)
Net income (loss) for the period		**203,862**	**(2,838,332)**	**1,004,240**	**(11,240,657)**
Foreign currency translation adjustment		-	-	-	(41,401)
Net comprehensive income (loss) for the period		**203,862**	**(2,838,332)**	**1,004,240**	**(11,282,058)**
Net income (loss) per share:					
Basic income (loss) per share – from continuing operations		0.01	(1.56)	0.07	(6.40)
Basic income (loss) per share – from discontinued operations		-	(0.02)	-	(0.12)
Basic total income (loss) per share		**0.01**	**(1.57)**	**0.07**	**(6.52)**
Diluted income (loss) per share – continuing operations		0.00	(1.56)	0.03	(6.40)
Diluted income (loss) per share – discontinued operations		-	(0.02)	-	(0.12)
Diluted total income (loss) per share diluted		**0.00**	**(1.57)**	**0.03**	**(6.52)**
Weighted average number of common shares outstanding:					
Basic		40,200,087	1,802,927	14,537,914	1,724,492
Diluted		56,488,475	1,802,927	30,826,302	1,724,492

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Unaudited Condensed Interim Consolidated Statement of Shareholders' (Deficit) Equity
For the nine months ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

		Share capital						
	Note	Number of shares	Amount $	Reserve $	Warrant reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, July 31, 2022	*	**1,545,450**	**13,322,675**	**2,830,107**	**9,762**	**(25,387)**	**(12,511,090)**	**3,626,067**
Shares issued to acquire Web 3.0	3	184,363	1,935,815	-	-	-	-	1,935,815
Shares issued upon exercise of options	11	19,556	255,806	(109,140)	-	-	-	146,666
Shares issued upon exercise of warrants	11	26,667	200,000	-	-	-	-	200,000
RSU conversion	11	111,800	1,566,874	(1,566,874)	-	-	-	-
Share-based compensation	11	-	-	2,412,991	-	-	-	2,412,991
Net loss for the period		-	-	-	-	(41,401)	(11,240,657)	(11,282,058)
Balance, April 30, 2023		**1,887,836**	**17,281,170**	**3,567,084**	**9,762**	**(66,788)**	**(23,751,747)**	**(2,960,519)**
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**3,720,574**	**9,762**	**(66,789)**	**(25,211,782)**	**(4,103,562)**
Share consolidation rounding	*	(80)	-	-	-	-	-	-
Shares issued for private placement	11	20,005,000	2,000,500	-	-	-	-	2,000,500
Shares issued upon exercise of warrants	11	575,000	57,500	-	-	-	-	57,500
RSU conversion	11	15,998	190,000	(190,000)	-	-	-	-
Asset purchase agreement	7	3,060,000	765,000	-	-	-	-	765,000
Share-based recovery	11	-	-	(18,023)	-	-	-	(18,023)
Net income for the period		-	-	-	-	-	1,004,240	1,004,240
Balance, April 30, 2024		**25,641,754**	**20,457,673**	**3,512,551**	**9,762**	**(66,789)**	**(24,207,542)**	**(294,345)**

* On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these condensed interim consolidated financial statements are presented on a post-consolidation basis.

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Unaudited Condensed Interim Consolidated Statements of Cash Flow
For the nine months ended April 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Nine months ended April 30, 2024	April 30, 2023
Operating activities		
Income (loss) for the period	1,004,240	(11,240,657)
Adjustments for non-cash items:		
Accretion		75,379
Digital assets converted to fiat currency	-	110,633
Digital assets received for sales	-	(5,513)
Digital assets paid for services	27,973	22,907
Depreciation	67,356	362,053
Loss on use of digital assets	-	(4,103)
Accrued interest income	-	(6,324)
Impairment of goodwill	-	3,488,996
Impairment of intangibles	-	1,895,186
Loss on disposal of GZ	-	365,097
Loss on termination of lease	18,085	-
Interest expense	51,511	-
Revaluation of digital assets	(6,021)	7,650
Share-based compensation (recovery)	(18,023)	2,412,991
Gain on forgiveness of debts	(200,343)	-
Changes in non-cash working capital items:		
Amounts receivable	(51,312)	117,745
Prepaid expenses	54,992	47,898
Accounts payable and accrued liabilities	46,144	404,148
Due to related parties	32,303	-
Deferred revenue	(1,953,417)	3,218
Deferred contract costs	289,116	-
Net cash flows provided by (used in) operating activities	(637,396)	(1,942,696)
Investing activities		
Additions of internally developed software	-	(486,313)
Cash disposed of on sale of subsidiary	-	(268)
Cash acquired from acquisition of subsidiary	-	804,460
Net cash flows used in investing activities	-	317,879
Financing activities		
Loans repaid	(135,000)	(293,750)
Loans received	-	1,519,000
Lease payments	-	(145,150)
Proceeds from share issuances	1,000,500	-
Proceeds from exercise of warrants and options	57,500	346,666
Net cash flows provided by financing activities	923,000	1,426,766
Effects of foreign exchange on cash	-	(41,399)
Change in cash	285,604	(198,051)
Cash, beginning	46,979	308,035
Cash, ending	**332,583**	**68,585**

Other Supplementary Information		
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

1. Nature and Continuance of Operations

Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On February 29, 2024 the Company changed its name from Looking Glass Labs Ltd. to Metasphere Labs Inc. On October 8, 2021, the Company changed its name from BluKnight Aquafarms Inc. to Looking Glass Labs Ltd. The Company changed its name from 1040426 BC Ltd to BluKnight Aquafarms Inc. on July 12, 2017. The Company specializes in consumer engagement applications to leverage immersive metaverse environments, gamification and Web 3.0/blockchain monetization strategies.

The head office, principal address, records office and registered address of the Company are located at 1890 – 1075 West Georgia Street, Vancouver, BC.

Based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations for the next twelve-month period. Management's plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations and, if necessary, the Company will curtail spending.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the period ended April 30, 2024, the Company incurred a net comprehensive income of $1,004,240 (April 30, 2023 – net comprehensive loss of $11,282,058), and had an accumulated deficit of $24,207,542 (July 31, 2023 – $25,211,782) and a working capital deficiency of $1,073,838 as at April 30, 2024 (July 31, 2023 – $2,448,345).

The Company's ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

2. Statement of Compliance and Material Accounting Policy Information

These unaudited condensed interim consolidated financial statements were authorized for issue on June 14, 2024 by the directors of the Company.

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2023. These condensed interim consolidated financial statements have been prepared following the same material accounting policy information as the Company's audited consolidated financial statements for the year ended July 31, 2023.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Statement of Compliance and Material Accounting Policy Information (continued)

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified where applicable. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of Incorporation	Interest 2024	Interest 2023	Functional Currency
Genzeroes Productions Inc.	Canada	0%	100%	Canadian Dollars
HOK Vietnam Company Limited	Vietnam	0%	100%	Vietnamese Dong
Web 3.0 Holdings Corp.	Canada	100%	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	100%	Canadian Dollars

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Functional and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars. Each entity determines its own functional currency, and items included in the unaudited condensed interim consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies
Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized immediately in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars from their functional currency at the exchange rate prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the exchange rates approximating those in effect on the date transactions occurred. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings as part of the gain or loss on disposal.

2. Statement of Compliance and Material Accounting Policy Information (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's unaudited condensed interim consolidated financial statements include the following:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgment of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 5). Digital assets are carried at their fair market value determined by the spot rate from www.finance.yahoo.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the Black-Scholes option pricing model. The Company also uses judgment to estimate probability of achieving vesting conditions of restricted stock units ("RSUs").

Business combinations
Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

2. Statement of Compliance and Material Accounting Policy Information (continued)

Leases
Determining whether a lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgment in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15 - Revenue from Contracts with Customers.

New Standards Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

3. Asset Acquisitions

On August 9, 2022, the Company entered into a share purchase agreement to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments.

As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022, payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combinations*. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire the entity. The fair value of the consideration paid was determined based on the fair value of the assets received in accordance with IFRS 2 – *Share Based Payments*.

(Expressed in Canadian Dollars)

3. Asset Acquisitions (continued)

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815
Cash	804,460
Net assets assumed	804,460
Acquired retail technology platform	1,131,355
	1,935,815

On July 31, 2023, the Company recorded impairment of the retail technology platform of $1,131,355 as described in Note 7.

On February 6, 2024, the Company acquired the Carbon.bot digital platform (the "Platform") in exchange for the issuance of 3,060,000 common shares of the Company (Notes 7 and 11). Once launched, the Platform is intended to serve as a unique real time news aggregator in the environmental sustainability sector, utilizing large language models such as ChatGPT to summarize and present articles from its network. The acquisition of the Platform does not constitute a business combination because the assets acquired do not meet the definition of a business under IFRS 3 – *Business Combinations*. The cost of the Platform acquired was $765,000.

4. Disposal of GenZeroes and Discontinued Operations

On March 30, 2023, the Company completed the sale of its subsidiary, GenZeroes Productions Inc. ("GenZeroes"), the GenX smart contract and all associated intellectual property (the "Related IP") to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

As consideration for the Assets, the Company received a promissory note (the "Note") for $800,000 having an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Note is secured by the shares of GenZeroes Productions Inc. and the Related IP. The initial fair value of the Note on inception was determined to be $200,426. The fair value of the instrument was estimated using a discounted cash flow model using a discount rate of 39%. At July 31, 2023, the Company had recorded $23,522 of interest and recorded an impairment equal to the carrying value of the Note of $223,948 due to uncertainty of its collectability.

The Company also retains a 50% royalty in perpetuity on all net proceeds from the first season of the GenZeroes series. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

During the year ended July 31, 2023, the Company recorded a loss on the deconsolidation of GenZeroes of $428,307, which included $268 of cash held by GenZeroes.

(Expressed in Canadian Dollars)

4. Disposal of GenZeroes and Discontinued Operations (continued)

The assets, liabilities and gain on loss of control of GenZeroes after deconsolidation are presented below:

	$
Assets	
Cash	268
Accounts receivable	594
Prepaid expenses	35,000
Intangible asset	632,839
Total Assets	668,701
Liabilities	
Accounts payable	39,968
Intercompany payables	1,167,847
Total Liabilities	**1,207,815**
Net liabilities	(539,114)
Intercompany payables forgiven	1,167,847
Accounting fair value of promissory note received	(200,426)
Loss on deconsolidation	**428,307**

The net loss from discontinued operations for the periods ended April 30, 2024, and 2023 are presented below:

	Three Months Ended		**Nine Months Ended**	
	April 30, 2024	**April 30, 2023**	**April 30, 2024**	**April 30, 2023**
	$	**$**	**$**	**$**
Revenues	-	-	-	-
Expenses				
Amortization	-	26,396	-	108,863
Consulting fees	-	-	-	18,000
Marketing	-	-	-	16,151
Office expenses	-	178	-	51,438
Professional fees		7,510	-	7,510
Total expenses	-	**34,084**	-	**201,962**
Net loss from discontinued operations	-	**(34,084)**	-	**(201,962)**

The consolidated statement of cash flows for the periods ended April 30, 2024, and 2023 was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of GenZeroes for the periods ended April 30, 2024, and 2023 are presented in the following table:

	Nine months ended	
	April 30, 2024	**April 30, 2023**
	$	**$**
Cash flows used in operating activities	-	(70,878)
Cash flows used in investing activities	-	(98,401)
Cash flows provided by financing activities	-	135,449
Increase in cash	-	**33,830**

(Expressed in Canadian Dollars)

5. Digital Assets

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues, and are revalued to their current market value at each reporting date. The fair value is determined using the spot rate based on the weighted average from www.finance.yahoo.com on the date the tokens are received or recorded as a receivable.

Digital assets consist of Ethereum and USD-T/C (cryptocurrencies). Ethereum and USD-T/C earned and transacted during the year ended July 31, 2023 and nine months ended April 30, 2024 were as follows:

	$	USD-T/C #	Ethereum #
Balance, July 31, 2022	**154,302**	**3,694.95**	**71.64**
Digital assets received for revenues	5,534	-	2.76
Digital assets received for deferred revenues	446	-	0.26
Digital assets traded for cash	(110,634)	-	(55.00)
Digital assets paid for expenses	(22,907)	-	(10.77)
Gain on sale of digital assets	(7,650)	-	-
Revaluation of digital assets	2,860	-	-
Balance, July 31, 2023	**21,951**	**3,694.95**	**8.89**
Digital assets received for revenues	4	-	0.01
Revaluation of digital assets	6,021	-	-
Digital assets paid for expenses	(27,976)	(3,694.95)	(8.90)
Balance, April 30, 2024	**-**	**-**	**-**

i) Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at April 30, 2024, the Company wrote-off the digital assets.

6. Property and Equipment

	Computer Equipment $	Furniture and Fixtures $	Total $
Cost			
Balance, July 31, 2022 and 2023	62,169	13,077	75,246
Additions	-	-	-
Balance, April 30, 2024	**62,169**	**13,077**	**75,246**
Accumulated depreciation			
Balance, July 31, 2022	(12,793)	(1,817)	(14,610)
Depreciation	(20,723)	(4,360)	(25,083)
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Depreciation	(15,542)	(3,269)	(18,811)
Balance, April 30, 2024	**(49,058)**	**(9,446)**	**(58,504)**
Net book values			
Balance, July 31, 2023	**28,653**	**6,900**	**35,553**
Balance, April 30, 2024	**13,111**	**3,631**	**16,742**

(Expressed in Canadian Dollars)

7. Intangible Assets and Goodwill

As part of the acquisition of HOK, the Company acquired a platform. HOK is creating a blockchain-based virtual world and metaverse to be utilized across environments as well as virtual reality social and gaming activities (the "Platform").

The Company has also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Acquired NFTs represent NFTs purchased by the Company from third parties for development purposes.

On February 6, 2024, the Company acquired the Carbon.bot digital platform (the "Platform") in exchange for the issuance of 3,060,000 common shares of the Company (Notes 3 and 11). Once launched, the Platform is intended to serve as a unique real time news aggregator in the environmental sustainability sector, utilizing large language models such as ChatGPT to summarize and present articles from its network. The transaction was accounted for as an asset acquisition and the cost of the Platform acquired was $765,000.

	Acquired NFTs $	Film Series $	Acquired Platform $	Internally Generated Platforms $	Acquired IP $	Total $
Balance, July 31, 2022	**48,973**	**670,354**	**503,024**	**1,089,417**	**-**	**2,311,768**
Additions	-	63,401	-	387,912	1,131,355	1,582,668
Amortization	(48,973)	(100,916)	(57,857)	-	-	(207,746)
Disposals	-	(632,839)	-	-	-	(632,839)
Impairment	-	-	(445,167)	(1,477,329)	(1,131,355)	(3,053,851)
Balance, July 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	765,000	-	-	765,000
Amortization	-	-	(34,373)	-	-	(34,373)
Balance, April 30, 2024	-	-	730,627	-	-	730,627

Goodwill

	$
July 31, 2022	**3,323,409**
Impairment	(3,323,409)
July 31, 2023 and April 30, 2024	**-**

The recoverable amount of the operating unit was determined based upon updated cash flow projections. The Company used a discount rate of 39% for the current and previous value in use calculations. As at July 31, 2023, the Company recorded impairment of goodwill of $3,323,409 and impairment of intangibles of $3,036,077. The recognition of the impairment losses resulted from a decrease in forecasted growth, material uncertainties with respect to the Company's ability to raise capital for further development and a general downturn in the metaverse and blockchain industries.

8. Right-of-Use Assets and Lease Liabilities

The Company's primary lease consisted of office space. The Company used an incremental borrowing rate of 9.5%. On August 28, 2023, the primary lease was terminated in consideration for a payment of $60,000 to the lender which resulted in a loss on termination of $18,085. Upon termination the respective right-of-use asset balance of $212,582 and the right-of-use liability of $229,554 was derecognized. The following is a continuity schedule of right-of-use assets for the period ended April 30, 2024 and July 31, 2023:

(Expressed in Canadian Dollars)

8. Right-of-Use Assets and Lease Liabilities (continued)

Right-of-use assets	Office Lease $
Balance, July 31, 2022	**396,819**
Depreciation	(170,065)
Balance, July 31, 2023	**226,754**
Depreciation	(14,172)
Termination of lease	(212,582)
Balance, April 30, 2024	**-**

The following is a continuity schedule of lease liabilities for the nine months ended April 30, 2024 and July 31, 2023:

Lease liabilities	Office Lease $
Balance, July 31, 2022	**408,463**
Interest	28,990
Payments	(193,534)
Balance, July 31, 2023	**243,919**
Interest	1,762
Payments	(16,127)
Termination of lease	(229,554)
Balance, April 30, 2024	**-**
Less: current portion	-
Non-current portion	-

9. Accounts Payable and Accrued Liabilities

	April 30, 2024 $	July 31, 2023 $
Accounts payable	**1,055,414**	541,074
Accrued liabilities	**140,432**	595,936
	1,195,846	1,137,010

10. Loans Payable

During the year ended July 31, 2022, the Company received loans of $40,000 from a private company. The loans were unsecured, non-interest bearing and due on demand. During the year ended July 31, 2023, the Company received additional loans of $1,544,000 from arm's-length parties and repaid $293,750. The loans are unsecured, bear interest at 10% per annum and are due on demand.

Holders of $1,000,000 of the Company's outstanding loans payable agreed to participate in the non-brokered private placement described in Note 11. On November 23, 2023, the Company closed the non-brokered private placement offering and issued 10,000,000 units ("Units") to convert $1,000,000 of loans payable from debt into equity. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional share of the Company for a period of two years at an exercise price of $0.10. During the period ended April 30, 2024, the Company repaid $135,000 to loan holders, and a balance of $161,849 was forgiven and recorded as a gain on settlement of debt.

10. Loans Payable (continued)

As at April 30, 2024, the Company had $127,314 (July 31, 2023- $1,374,415) of loans payable, including $26,988 (July 31, 2023- $84,165) of accrued interest.

11. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these condensed interim consolidated financial statements are presented on a post-consolidation basis.

Issued share capital

At April 30, 2024, there were 25,641,754 (July 31, 2023 – 1,985,836) issued and fully paid common shares outstanding.

For the period ended April 30, 2024

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every seventy-five old common shares. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

On November 23, 2023, the Company closed a non-brokered private placement offering and issued 20,005,000 units ("Units") at a price of $0.10 per Unit, for cash consideration of $2,000,500 (the "Offering"). The Company received gross cash proceeds of $1,000,500 and $1,000,000 was converted from debt into equity as certain loan holders participated in the Offering. Each Unit consists of one common share in the capital of the Company (each a, "Share") and one common share purchase warrant (each a, "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Share of the Company for a period of two years from the closing date of the Offering at an exercise price of $0.10.

On February 8, 2024, the Company issued 3,060,000 common shares pursuant to an Asset Purchase Agreement with Bot Media Corp. to acquire the Carbon.bot digital platform (the "Platform") (Note 7). The transaction was accounted for as an asset acquisition and the cost of the Platform acquired was $765,000.

During the period ended April 30, 2024, the Company issued 575,000 common shares upon the exercise of 575,000 warrants for total proceeds of $57,500.

During the period ended April 30, 2024, the Company issued 15,998 common shares upon the conversion of 15,998 RSUs and the Company transferred $190,000 from reserve to share capital.

For the period ended April 30, 2023

On September 7, 2022, the Company issued 184,363 common shares with a fair value of $1,935,815 pursuant to the acquisition of Web 3.0 as described in Note 3.

During the period ended April 30, 2023, the Company issued 19,556 common shares upon the exercise of 19,556 stock options for total proceeds of $146,667 and the Company transferred $109,139 from reserve to share capital.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

During the period ended April 30, 2023, the Company issued 26,667 common shares upon the exercise of 26,667 warrants for total proceeds of $200,000.

During the period ended April 30, 2023, the Company issued 111,800 common shares upon the conversion of 111,800 RSUs and the Company transferred $1,566,874 from reserve to share capital.

Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2022	160,410	43.50
Exercised	(26,667)	7.50
Balance, July 31, 2023	133,743	50.76
Granted	20,005,000	0.10
Exercised	(575,000)	(0.10)
Balance, April 30, 2024	19,563,743	0.45

Details of warrants outstanding as of April 30, 2024 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
November 23, 2025	19,430,000	0.10
September 15, 2026	66,664	7.50
November 10, 2026	67,079	93.75
	19,563,743	

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

On September 13, 2022, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest 1/8 every three months over 24 months. The total grant date fair value of the options was measured at $1,374,038. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $13.50; exercise price - $10.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 3.23%.

During the period ended April 30, 2024, the Company recorded a recovery of share-based compensation of $18,023 (April 30, 2023 – share-based compensation of $2,412,991) related to the vesting of options. The following is a summary of the Company's option activity for the periods ended April 30, 2024 and July 31, 2023.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Stock options (continued)

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2022	151,333	27.75
Granted	129,250	10.50
Cancelled	(94,583)	(12.75)
Exercised	(19,556)	(7.50)
Balance, July 31, 2023	166,444	24.69
Expired	(1,334)	
Cancelled	(42,672)	(16.11)
Balance, April 30, 2024	122,438	27.65
Exercisable, April 30, 2024	114,105	29.57

Details of options outstanding and exercisable as at April 30, 2024 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
October 14, 2026	31,438	31,438	7.50
February 7, 2027	55,666	55,666	48.75
March 16, 2027	667	667	60.00
April 13, 2027	667	667	56.25
June 1, 2024*	667	667	18.75
September 13, 2027	33,333	25,000	10.50
	122,438	114,105	

**Subsequent to the period ended April 30, 2024, 667 options expired unexercised.*

Restricted Stock Units ("RSUs")

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

Under the terms of the plan, RSUs are granted to Participants and the RSUs expire at the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans.

On September 13, 2022, pursuant to its shareholder approved restricted share unit ("RSU") plan (the "RSU Plan"), the Company has granted 1,500,000 RSUs to a consultant of the Company, vesting immediately. The RSUs had a fair value of $270,000, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Restricted Stock Units ("RSUs") (continued)

During the period ended April 30, 2024, the Company recorded $Nil (April 30, 2023- $52,501) of stock-based compensation relating to the number of vested RSUs.

During the period ended April 30, 2024, the Company issued 15,998 common shares upon the conversion of 15,998 RSUs and the Company transferred $190,000 from reserve to share capital.

As at April 30, 2024, 14,665 (July 31, 2023 - 37,773) restricted stock units were outstanding under the RSU plan.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options, warrants or RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

Net income per share continuing operations

	Three months ended		Nine months ended	
	April 30, 2024 $	April 30, 2023 $	April 30, 2024 $	April 30, 2023 $
Net income (loss) attributable to common shareholders from continuing operations	203,862	(2,804,248)	1,004,240	(11,038,695)
Basic weighted average number of common shares outstanding	40,200,087	1,802,927	14,537,914	1,724,492
Effect of dilutive securities:				
Stock options	-	-	-	-
Warrants	16,288,388	-	16,288,388	-
Diluted weighted average number of common shares outstanding	56,488,475	1,802,927	30,826,302	1,724,492
Basic net income (loss) per common share	0.01	(1.56)	0.07	(6.40)
Diluted income (loss) per common share	0.00	(1.56)	0.03	(6.40)

Net income per share discontinued operations

	Three months ended		Nine months ended	
	April 30, 2024 $	April 30, 2023 $	April 30, 2024 $	April 30, 2023 $
Net income (loss) attributable to common shareholders from discontinued operations	-	(34,084)	-	(201,962)
Basic weighted average number of common shares outstanding	40,200,087	1,802,927	14,537,914	1,724,492
Effect of dilutive securities:				
Stock options	-	-	-	-
Warrants	16,288,388	-	16,288,388	-
Diluted weighted average number of common shares outstanding	56,488,475	1,802,927	30,826,302	1,724,492
Basic net income (loss) per common share	-	(0.02)	-	(0.12)
Diluted income (loss) per common share	-	(0.02)	-	(0.12)

(Expressed in Canadian Dollars)

12. Related Parties

Related party balances

Amounts due to related parties:
The following amounts due to related parties are included in trade payables and accrued liabilities:

	April 30, 2024 $	July 31, 2023 $
Amounts owed to directors of the Company	46,536	89,808
	46,536	89,808

Related party transactions

During the period ended April 30, 2024, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $113,114 (2023 - $241,917) to the Company's key management. During the period ended April 30, 2024, the Company also incurred stock-based compensation to key management personnel related to the vesting of granted options of $3,732 (2023 - $ 270,608).

On March 30, 2023, the Company has completed the sale of its subsidiary, GenZeroes Productions Inc., the GenX smart contract and all associated intellectual property, to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

13. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

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

Level 3: Inputs that are not based on observable market data.
The following is an analysis of the Company's financial assets and liabilities measured at fair value as at April 30, 2024 and July 31, 2023:

	As at April 30, 2024		
	Level 1 $	Level 2 $	Level 3 $
Cash and cash equivalents	332,583	-	-

	As at July 31, 2023		
	Level 1 $	Level 2 $	Level 3 $
Cash and cash equivalents	46,979	-	
Digital assets	-	21,951	-

13. Financial Risk and Capital Management (continued)

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finance.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist solely of Ethereum. As of April 30, 2024, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $Nil.

(b) Financial risk management:

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at April 30, 2024, the Company has cash of $332,583 (July 31, 2023 - $46,979) and digital assets of $Nil (July 31, 2023 - $21,951) available to apply against short-term business requirements and current liabilities of $1,587,189 (July 31, 2023 - $2,701,723).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at April 30, 2024, it is management's conclusion that the exposure to market risk is not material.

(Expressed in Canadian Dollars)

14. Segmented Information

At April 30, 2024, the Company operated in one geographic area and one operating segment. During the period ended April 30, 2023, Company operated within two geographic areas, Canada and Vietnam and had one operating segment, which is the design, development, and sale of exclusive Non-Fungible Tokens ("NFTs").

	Canada $	Vietnam $	Total $
Nine months ended April 30, 2024			
Revenue	1,978,419	-	1,978,419
Net Income	1,004,240	-	1,004,240
Nine months ended April 30, 2023			
Revenue	209,960	-	209,960
Net Loss	(11,194,030)	(46,627)	(11,240,657)
Three months ended April 30, 2024			
Revenue	676,138	-	676,138
Net Income	203,862	-	203,862
Three months ended April 30, 2023			
Revenue	344	-	344
Net Loss	(2,838,332)	-	(2,838,332)
As at April 30, 2024			
Total non-current assets	779,493	-	779,493
As at July 31, 2023			
Total non-current assets	583,547	-	583,547

15. Capital Management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended April 30, 2024.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

(Expressed in Canadian Dollars)

16. Revenues

The Company's main source of revenue is the sale of digital goods to customers. The following is a break-down of revenues earned:

	Three Months ended April 30,		**Nine Months ended April 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
NFT sales	**651,138**	-	**1,953,419**	-
Royalty income	**-**	344	**-**	5,512
Services income	**25,000**	-	**25,000**	204,836
	676,138	344	**1,978,419**	209,960

Deferred Revenue

The Company receives payments based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. Deferred revenue consists of payments received from the Company's virtual land NFT sales in advance of revenue recognition. As of April 30, 2024, the aggregate amount of revenue allocated to unsatisfied performance obligations of $217,493 (July 31, 2023- $2,170,910) is included in deferred revenue.

Deferred Contract Costs

The Company defers contract costs that are direct and incremental to obtaining user contracts. At April 30, 2024, the Company had deferred $32,124 (July 31, 2023 - $321,240) of contract costs consisting of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These costs will be amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized.

17. Contingency

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen. The claim was brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company under section 227 of the BC Business Corporations Act.

The Company intends to vigorously defend itself against the claim made. As set out in the Company's response to civil claim, it believes that the allegations are without merit.

18. Subsequent Events

Subsequent to the period ended April 30, 2024, the Company issued 2,825,000 common shares pursuant to the exercise of 2,825,000 warrants for gross proceeds of $282,500.

On June 1, 2024, 667 options exercisable at $18.75 expired.

Schedule “F”

Management’s Discussion and Analysis for the periods ended April 30, 2024 and 2023

Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.)

Management's Discussion and Analysis

For the periods ended April 30, 2024 and 2023

June 14, 2024

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the nine months ended April 30, 2024, compared to the nine months ended April 30, 2023. This report prepared as at June 14, 2024 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at April 30, 2024, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended July 31, 2023, which have been prepared in accordance with International Financial Reporting Standards.

Our unaudited condensed interim consolidated financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company", "MLI" or "Metasphere Labs Inc.", we mean Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) as it may apply.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedarplus.ca.

Cautionary Statement on Forward Looking Information

The information provided in this MD&A, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "Description of Business".

Specific forward-looking information contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;

- the business and operations of the Company;
- the business, operations, strategies and expectations of the Company;
- the Company's business objectives and discussion of trends affecting its business;
- the funds available to the Company and the principal uses of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking statements including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward-looking statements are based on reasonable assumptions, estimates, analysis, and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking statements are inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking statements include, but are not limited to, those which relate to the following:

- the limited operating history of the Company;
- the historical lack of profitability of the Company;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to raise funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to raise the funds required to continue operations;
- the possibility that events will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- the Company's operations, strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development;
- uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- changes in the regulatory environment;
- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses;
- the requirements of being a public-traded company may strain the Company's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members;
- the Company's business is reliant on blockchain technology;
- the Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- the business of the Company will be exposed to cybersecurity risks;
- digital wallets may be hacked;

- uninsured or uninsurable risks;
- the Company will have to adapt to respond to evolving security risks;
- the Company may be unable to obtain adequate insurance to insure its operations;
- intellectual property rights claims may adversely affect the operation of the Company's business;
- all active and liquid trading markets in the Company's common shares may fail to develop;
- the Company's compliance and risk management programs may not be effective;
- unexpected market disruptions may cause major losses for the Company;
- foreign exchange risk;
- the Company will depend on its senior management and directors to source suitable investment opportunities:
- managing different business lines could present conflicts of interest;
- operational risk may materially and adversely affect the Company's performance and results;
- the Company may not be effective in mitigating risk;
- force majeure events may materially and adversely affect the business continuity of the Company;
- the Company will be reliant, in part, on attracting and retaining skilled management and directors;
- situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests;
- the Company may be subject to litigation; and
- the other factors discussed under the heading "Risk Factors".

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the companies in which it is invested, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of Company currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects to the Company.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of forward-looking statements, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the Company's actual results achieved could vary from the information provided in this MD&A, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake any obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is a Web3 innovation platform company specializing in developing metaverse environments, DAO solutions, gamification, and Web3 / blockchain monetisation strategies aiming to solve social coordination problems for acting on climate change and making a positive impact on the planet (https://www.metasphere.earth/).

The Company publicly released the Pocket Dimension metaverse on May 29, 2023. The Pocket Dimension metaverse is a hyper-realistic digital world that is built using the latest version of Unreal Engine in order to offer users a premium virtual experience. Pocket Dimensions feature 10 different environments. Pocket Dimension is a private virtual space that provides users the ability to explore the virtual space and socialize with other users, through avatars.

The Company's current focus is to leverage its developed products with the latest blockchain technology to further develop Web3 applications designed to foster sustainable and impactful solutions across various sectors to solve social coordination problems for acting on climate change and addressing global challenges relating to the environment. The Company will focus on creating applications that not only push the boundaries of virtual worlds but also prioritize environmental sustainability, social impact, and the promotion of freedom of speech.

The Company's short-term focus for the upcoming quarters is also to continue to develop its monetization strategies while maintaining its working capital for further development of its assets.

COMPANY HIGHLIGHTS

On May 30, 2024, the Company announced the appointment of Dustin Muscato as an advisor for its carbon credit protocol designed for grid-scale batteries. Mr. Muscato is a seasoned investment professional and strategic advisor with recognized expertise in the electric grid and utilities sector, bringing nearly 20 years of experience in finance, financial analysis, strategy and engineering. Metasphere continues to position itself at the forefront of the energy transition with its new blockchain-based carbon credit protocol, designed to quantify and monetize the carbon reduction potential of large-scale battery storage systems. The protocol aims to provide verifiable and tradable credits representing emissions avoided through the use of grid-scale batteries, supporting the financial viability and broader adoption of battery storage projects. Metasphere intends to submit its protocol to the Web3-based Pure Sky carbon credit registry.

On May 14, 2024, the Company finalized their partnership with Pure Sky Registry LLC ("Pure Sky"), an innovator in the Web3 Carbon Credit Registry, to integrate blockchain technology into environmental sustainability efforts. Following the initial memorandum of understanding dated March 27, 2024, Metasphere will develop a Minimum Viable Product ("MVP") to fully integrate Pure Sky's carbon credit registry and DAO operations. This initiative aims to transform the environmental sector by making carbon credit transactions more transparent, secure, and efficient, aligning with the trend of tokenizing real-world assets for better tracking and verifiability. The solution will be delivered to Pure Sky by July 1, 2024.

On May 8, 2024, the Company announced a definitive agreement with Bot Ventures Inc. to develop a decentralized domain marketplace for domain protocols that operate on the Bitcoin blockchain. This marketplace will facilitate the registration, transfer, and management of digital domains directly anchored to the Bitcoin blockchain, allowing users to buy, sell, and manage domain names with enhanced security and decentralized control.

In consideration for the development services provided, Bot Ventures shall pay a royalty of 20% of all gross sales revenue generated from the platform, capped at a maximum total payment of $1,000,000 USD (the "Royalty"). It's important to note that this Royalty does not apply to sales of any other products or services associated with the platform being developed by the Company. Given that the compensation for services is contingent on Bot Ventures' ability to generate revenue from the platform, there can be no assurance that the Company will earn any Royalty from this arrangement.

On March 20, 2024 the Company entered into a definitive agreement with Bluesphere Ventures Inc. ("Bluesphere") to create "Ents World," an open metaverse built on the Bitcoin blockchain, aimed at combining "Play to Earn" gaming with impactful environmental restoration. Pursuant to the agreement, Metasphere will develop a comprehensive presentation and website outlining Ents World's concept, features, and the impact on environmental restoration. Metasphere will also assist in developing the game's governance ecosystem.

On February 29, 2024, the Company announced the successful completion of its corporate name change from Looking Glass Labs Ltd. to Metasphere Labs Inc. Also on February 29, 2024, the Company's new stock ticker symbol "LABZ" is active on the Cboe Canada.

On January 19, 2024, the Company announced its intention to withdraw the Company's common shares (Shares) from the AQUIS Stock Exchange Growth Market. The Shares will continue to trade in Canada on Cboe under "LABZ", in the US on OTC under "LABZF", and on the Frankfurt Stock Exchange under "H1N".

On February 23, 2024, the Company announced the appointment of Mrs. Natasha Ingram as its new CEO and the resignation of Jared Gurfein.

On February 8, 2024, the Company announced the acquisition of the climate and artificial intelligence (AI) Web3 assets (the "Purchased Assets") from Bot Media Corp. ("Bot Media" or the "Vendor") for a purchase price of $765,000, payable through the issuance of common shares of the Company (the "Consideration Shares") at a deemed price of $0.25 per share.

Upon closing on February 8, 2024, MLI issued a total of 3,060,000 Consideration Shares, each valued at $0.25, to the Vendor pursuant to the terms of the Purchase Agreement. The acquisition includes CarbonBot and ClimateBot. CarbonBot is an digital platform that tracks news related to climate-focused companies and generates articles using AI, incorporating capabilities of ChatGPT. Developed by the Vendor, CarbonBot acts as a real-time news aggregator in the environmental sustainability sector, leveraging Large Language Models like ChatGPT to summarize and disseminate articles from its network. ClimateBot is a web based digital tool offering a range of calculators to evaluate various environmental impacts, focusing on carbon footprint assessments. It enables users to take direct action towards remediation, such as carbon offsetting through tree planting initiatives.

On December 18, 2023, the Company announced the appointment of Jared Gurfein as the CEO of the Company and the resignation of Dorian Banks as the CEO and director positions.

On November 23, 2023, the Company closed a non-brokered private placement offering and issued 20,005,000 units ("Units") at a price of $0.10 per Unit, for cash consideration of $2,000,500 (the "Offering"). The Company received gross cash proceeds of $1,000,500 and $1,000,000 was converted from debt into equity as certain loan holders participated in the Offering. Each Unit will consist of one common share in the capital of the Company (each a, "Share") and one common share purchase warrant (each a, "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional Share of the Company for a period of two years from the closing date of the Offering at an exercise price of $0.10.

Effective June 13, 2024, Armita Jalooli resigned as a director. Following the resignation, Guy Bourgeois was appointed to the board of directors of the Company.

On October 17, 2023, the Company announced that Lucas Stemshorn-Russell has resigned as a director and following the resignation of Mr. Stemshorn-Russell, the Company announced the appointment of Armita Jalooli to the board of directors.

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of every 75 old common shares into one new common share. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

The Company continues to work on establishing partnerships with media companies, marketing organizations, automotive brands, fashion companies and others, in order to create the most diverse and realistic metaverse experience for all users and brands. This is expected to allow brands to create further value by monetizing existing products, services and/or intellectual properties.

OVERALL PERFORMANCE

At April 30, 2024, the Company had accumulated deficit of $24,207,542 (July 31, 2023 – $25,211,782) since its inception, and has working capital deficit of $1,073,838 (July 31, 2023 – $2,448,345). The Company incurred net income of $1,004,240 for the nine months ending April 30, 2024 (2023 – net loss of $11,240,657). The Company used $637,396 of cash (2023 - $1,942,696) in operating activities, raised cash in investing activities of $Nil (2023 – $317,879) and raised a net of $923,000 of cash (2023 – $1,426,766) from financing activities.

As part of the acquisition of HOK in fiscal 2022, the Company acquired a platform for a blockchain-based virtual world and metaverse. In addition, certain costs incurred in connection with the development of internally generated digital platforms including the those related to the Pocket Dimension metaverse and the Overlords mobile game have been capitalized to intangible assets as development costs.

Internally developed intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets. The costs mainly include the compensation paid to the software developers. During the year ended July 31, 2023, the Company recorded an impairment of $1,477,329 of capitalized development costs related to the Overlords video game and the Pocket Dimension metaverse. The Company also recorded an impairment of $445,167 and $1,131,355 of acquired intangible assets related to the platforms acquired from HOK and Web 3.0 respectively. An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU).

The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth and revenues as a result of a general downturn in the economy, as well as a downturn in the cryptocurrency industry and the value of cryptocurrencies. As a result, the Company has significantly decreased the value the Company could obtain if these assets were sold. It has also significantly decreased the future cash flows expected to be generated by the assets.

Considering the volatility of the industry, the Company as of July 31, 2023 recorded the total impairment of $3,053,851 of intangible assets and an impairment of $3,323,409 of goodwill related to the acquisition of HOK.

The Company had also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Investment in a film series includes the unamortized costs of producing a live-action NFT based series produced by the Company. Costs of producing a film series and costs to develop digital platforms are recognized as intangible assets when the following criteria are met: - it is technically feasible to complete the product so that it will be available for use; - management intends to complete the product; - it can be demonstrated how the product will generate future economic benefits; adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and - the expenditure attributable to the product during its development can be reliably measured.

During the year ended July 31, 2023, the Company disposed of the film series. The intangible asset recorded for the film series was included in the calculation of the $428,307 loss on disposition of GenZeroes recorded during the year ended July 31, 2023. As part of the sale of GenZeroes, the Company received a Promissory Note Receivable and at July 31, 2023, the Company had recorded an impairment equal to the carrying value of the Note of $223,948 due to uncertain collectability.

RESULTS OF OPERATIONS

For the three-month period ended April 30, 2024, the Company incurred net income of $203,862 compared to a net loss of $2,838,332 in the comparative period. The increase in net income was mainly due to lower operating expenses during the period ended April 30, 2024 compared to January 31, 2023 as a result of efforts to conserve working capital. The increase in net income was also attributable to the recognition of impairment losses of $1,895,186 during 2023 compared to $Nil in the current period as described above. The increase in net income was also attributable to the increase in revenues recognized to $676,138 and costs of revenue of $124,348 in 2024, compared to services and royalty income of only $344 generated in the comparative period.

Some of the significant charges to operations are as follows:

- Consulting fees of $166,160 (2023 - $27,069) were charged by the Company's engaged consultants and the Company's key management and directors to assist in the execution of the Company's business plan. Consulting fees increased as the Company reduced the need of employees compared to previous period where employees were hired to advance its business operations. The Company relied on consultants during the current period.
- Corporate service fees of $26,000 (2023 - $71,436) decreased in 2024 as a result of decreased corporate activity, whereas the disposition of GenZeroes in the comparative period led to higher corporate service fees.
- Professional fees of $122,169 (2023 - $77,822) increased due to the increase of legal fees during the period ended April 30, 2024. This was the result of legal fees incurred for regulatory matters, defense of the claim filed against the Company (see contingency section), as well as for increased audit and review fees incurred to the Company's auditor.
- Salaries decreased to $Nil (2023 - $109,614) as the Company decreased the need of employees compared to previous period where employees were hired to advance its business operations. The Company relied on consultants for any development work during the current period.
- Share-based compensation of $16,111 (2023 - $123,030) decreased as a result of stock option grants in the comparative period, whereas there were no stock option grants in 2024. In addition, the Company reversed previously recognized share-based compensation in 2024 for the expiry of unvested options held by various employees who had left the Company.

For the nine-month period ended April 30, 2024, the Company incurred net income of $1,004,240 compared to a net loss of $11,240,657 in the comparative period. The increase in net income was mainly due to lower operating expenses during the period ended April 30, 2024 compared to April 30, 2023 as a result of efforts to conserve working capital. The increase in net income was also attributable to the recognition of impairment losses of $5,384,182 during 2023 compared to $Nil in the current period as described above. It was also the result of an increase in revenues from the recognition of revenue from NFT sales of $1,953,419 during 2024. The Company also recognized costs of revenue of $317,092 in the current period compared to services and royalty income of $209,960 generated in the comparative period.

Some of the significant charges to operations are as follows:

- Consulting fees of $242,011 (2023 - $93,543) were charged by the Company's consultants and key management and directors to assist in the execution of the Company's business plan. Consulting fees increased as the Company reduced the need of employees compared to previous period where employees were hired to advance its business operations. The Company relied on consultants during the current period.
- Corporate development fees of $40,876 (2023 - $342,842) decreased as a result of reduced corporate activity, whereas the acquisition of Web 3.0 and the disposition of GenZeroes in the comparative period led to higher corporate development fees.
- Development costs of $Nil (2023 - $136,035) decreased as the Company's development projects were completed in 2023.
- Marketing fees of $19,311 (2023 - $454,263) decreased significantly as marketing fees were paid in the comparative period to increase its awareness campaigns for its HoK properties.
- Professional fees of $275,372 (2023 - $462,103) decreased due to the legal and accounting fees associated with the acquisition of Web 3.0 and additional operations associated with the release of the Company's metaverse and various technical development projects in the period compared to no such transactions or operations in the current period.
- Salaries decreased to $4,093 (2023 - $975,360) as the Company reduced the number of employees compared to previous period. The Company hired consultants for development work during the current period.
- Recovery of share-based compensation of $18,023 (2023 - share-based compensation of $2,412,991) decreased as a result of stock option grants in the comparative period, whereas there were no stock option grants in 2023. In addition, the Company reversed previously recognized share-

based compensation in 2024 for the expiry of unvested options held by optionees who had left the Company.

Use of Proceeds

The Company completed a financing in November 2023. The following is a comparison of the Company's anticipated use of proceeds to the Company's actual use of proceeds from the financing.

Intended use of proceeds of estimated working capital as of November 23, 2023		**Amount incurred to date April 30, 2024**		**Variances**
General and administrative expenses	$300,000	General and administrative expenses	$200,000	No variances anticipated.
Legal & Compliance, Insurance, Accounting & Audit Fees	$200,000	Legal & Compliance, Insurance, Accounting & Audit Fees	$222,000	Professional fees were slightly higher than anticipated due to an unplanned review of the Q2 financial statements.
Debt repayments	$50,000	Debt repayments	$135,000	The Company repaid additional loans than originally anticipated.
Unallocated	$450,000	Unallocated	$443,000	No variances anticipated.
Total	$1,000,000	Total	$1,000,000	

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Income (Loss) for the period	Income (Loss) per Share (Basic & Diluted)	Total Assets
April 30, 2024	$203,862	$0.01	$1,292,844
January 31, 2024	$504,110	$0.03	$1,086,856
October 31, 2023	$296,268	$0.15	$519,385
July 31, 2023	$(1,305,255)	$(0.88)	$836,925
April 30, 2023	$(2,838,332)	$(1.50)	$2,668,918
January 31, 2023	$(6,053,301)	$(3.00)	$5,448,039
October 31, 2022	$(2,349,024)	$(1.42)	$8,912,131
July 31, 2022	$(5,331,582)	$(8.46)	$7,462,687

SUMMARY OF QUARTERLY RESULTS - DISCUSSION

The decrease in net loss for the quarter ended October 31, 2022 compared to the quarter ended July 31, 2022, resulted from the loss on disposal of equipment and a large fluctuation in the revaluation of digital assets. The increase in net assets was the result the acquisition of intangibles as part of the Web 3.0 acquisition.

The increase in net loss and decrease in net assets during the quarter ended January 31, 2023 resulted from the recording an impairment of goodwill of $3,488,996 during the three months ended January 31, 2023. The increase in net loss and decrease in net assets during the quarter ended April 30, 2023 resulted from the recording of an impairment of intangibles of $1,895,186 during the three months ended April 30, 2023.

The increase in net loss during the quarter ended July 31, 2023, resulted from the impairment loss and the loss on disposal of equipment. The Company also had decreased revenues for the period as the NFT sales took place in the previous period.

The increase in net income during the quarter ended October 31, 2023, resulted from lower operating expenses, share-based compensation and increased revenues for NFT sales recognized during the period. The decrease in assets at October 31, 2023, resulted from the decrease in ROU asset from the termination of its office lease.

The increase in net income during the quarter ended January 31, 2024, resulted from lower operating expenses and increased revenues for NFT sales recognized during the period. The increase in assets at January 31, 2024, resulted from the increase of cash due to the gross proceeds received from the private placement that closed in November 2023.

The increase in net income during the quarter ended April 30, 2024, resulted from lower operating expenses and increased revenues for NFT sales recognized during the period. The increase in assets at April 30, 2024, resulted from the increase of cash due to the gross proceeds received from the private placement that closed in November 2023 as well as the newly acquired Platforms in February 2024.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended July 31, 2022. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

The Company's working capital deficiency at April 30, 2024 was a $1,073,838 (July 31, 2023 - $2,448,345) including cash of $332,583 (July 31, 2023 - $46,979), digital assets of $Nil (July 31, 2023 - $21,951). As at April 30, 2024, the Company owed loans of $127,314 (July 31, 2023 - $1,374,415) to non-arm's length parties. The Company also had deferred revenue of $217,493 (July 31, 2023 - $2,170,910).

RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

Natasha Ingram – CEO (appointed on February 23, 2024)
Jared Gurfein – Former CEO (appointed on December 18, 2023 and resigned on February 23, 2024)
Dorian Banks – Former CEO (resigned on December 18, 2023)
Francis Rowe – CFO
James Henning – Director & Audit Committee Chair (appointed on January 25, 2023)
Guy Bourgeois – Director (appointed on June 13, 2024)
Kevin Cornish – Director (appointed on May 23, 2023)
Armita Jalooli– Former Director (appointed on October 17, 2023, resigned June 13, 2024)
Lucas Russell – Former Director (appointed on December 29, 2022, resigned October 17, 2023)
Adam Deffett – Former Director (resigned on January 25, 2023)
Carl Chow – Former Director (resigned on December 29, 2022)
Patrick O'Flaherty – Former Director (resigned on May 23, 2023)
Neil Stevenson-Moore – Former CPO (resigned on March 30, 2023)

TRANSACTIONS WITH RELATED PARTIES

The following amounts due to related parties are included in trade payables and accrued liabilities:

	April 30, 2024 $	**July 31, 2023 $**
Amounts owed to directors of the Company	46,536	89,808
	46,536	89,808

Related party transactions

During the period ended April 30, 2024, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $113,114 (2023 - $241,917) to the Company's key management.

During the period ended April 30, 2024, the Company also incurred stock-based compensation to key management personnel related to the vesting of granted options of $3,732 (2023 - $270,608).

On March 30, 2023, the Company has completed the sale of its subsidiary, GenZeroes Productions Inc., the GenX smart contract and all associated intellectual property, to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

SIGNIFICANT JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's statements include:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgement of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Stock-based compensation
The fair value of stock-based compensation requires judgement to estimate probability of achieving vesting conditions of RSUs.

Business combinations
Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net

assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Leases
Determining whether lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term requires judgement. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments, the fair value of these assets and liabilities acquired in a business combination, the useful lives of long-lived assets, and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The material accounting policy information was the same as those that applied to the Company's audited financial statements for the year ended July 31, 2023.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at April 30, 2024 and July 31, 2023:

	As at April 30, 2024		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	332,583	-	-

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	
Digital assets	-	21,951	-

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finace.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of Ethereum. As April 30, 2024, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $Nil.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at April 30, 2024, the Company has cash of $332,583 (July 31, 2023 - $46,979) and digital assets of $Nil (July 31, 2023 - $21,951) available to apply against short-term business requirements and current liabilities of $1,587,189 (July 31, 2023 - $2,701,723).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at April 30, 2024, Management concludes the exposure to market risk is not material.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, the Company is not aware of any other material or significant claims against the Company.

During the year ended July 31, 2023, Thanh Khiet Nguyen commenced a claim against the Company. The claim was brought against the company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company under section 227 of the BC Business Corporations Act.

While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

During the year ended July 31, 2023, a claim was commenced against the Company by Permanent Enterprises Limited. The claim is brought against the Company for breach of an office lease. During fiscal 2024, the Company settled the claim by paying Permanent Enterprises Limited $60,000 for previously owed rent.

Additional share information

At the date of this MD&A the Company had the following number of securities issued and outstanding:

Securities	Number
Common shares	28,466,754
Options	121,771
Restricted share units	14,665
Warrants	16,738,743
Fully diluted share capital	**45,341,933**

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedarplus.ca. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISKS AND UNCERTAINITIES

Global Health Crisis Risks

The Company's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the recent outbreak of COVID-19. The full extent and impact of future health crisis is unknown and, in the past, has included volatility in financial markets, volatility in commodity prices, significant restrictions on travel, temporary business closures, quarantines, and a general reduction in economic and consumer activity, globally, all of which raise concern about a prolonged global recession. In addition, future health-related outbreaks may result in operating, supply chain and project development delays which may have material adverse effects on the operations of third parties in which the Company has an interest. Such third party operations may be suspended for precautionary purposes, or due to the imposition of emergency measures or other government action to combat the health crisis. If the operation or development of one or more third party businesses in which the Company holds an interest is suspended, it may have a material adverse impact on the Company's results of operations and financial condition, or on the trading price of the Company's securities.

Additional pandemic-related risks to Company's business include without limitation, the risk of breach of material contracts, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, unknown adverse global public health developments, and other factors beyond the Company's control, any of which may have a material and adverse effect on the Company's business, financial condition, results of operations, and securities.

The Market price of the Common Shares may experience significant volatility

The market price for Common Shares may be subject to general volatility. Factors such as variations in the Company's financial results, announcements by the Company, developments affecting the business and customers, general interest rate levels, the market price of the Common Shares and general market volatility could cause the market price of the Common Shares to fluctuate significantly.

In addition, future sales or the availability for sale of substantial amounts of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and could impair the Company's ability to raise capital through future sales of its securities.

Market Acceptance

The operating results of the Reporting Issuer's business is subject to the market acceptance of the Company's products and services. If the Company's products and services do not gain market acceptance, its operating results may be negatively affected. If the markets for the Company's products and services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its products; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the Company's products and services are not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

The growth of the metaverse market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which will be in similar businesses as those of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Failure to Grow at the Rate Anticipated

The Company is a start-up company with no sustained history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Attracting and Retaining Key Personnel

The Company may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its board and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

Expenses May Not Align With Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

The Company has a Limited Operating History

The Company has a very limited history of operations and is in the early stage of operations. As such, the Company will be subject to many risks common to such enterprise including, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

The Company generated net income of $1,004,240 for nine months ended April 30, 2024. The Company's accumulated deficit as of April 30, 2024 was $24,207,542. The Company intends to continue to expend significant funds to develop its business. As the Company grows, the Company expects the aggregate amount of these expenses will also continue to grow. There is no assurance that sufficient funding will be available in the future. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments.

The Company's efforts to grow the business may be more costly than expected and the Company may not be able to increase its revenue enough to offset higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this document and in the Company's public disclosure record and other unknown events. The amount of future net losses will depend, in part, on the growth of the Company's future expenses and its ability to generate revenue. If the Company continues to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have a material adverse effect on the Company's stockholders' equity and working capital. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease and the Company's ability to raise capital, expand its business or continue operations may be impaired. A decline in the Company's value may also cause investors to lose all or part of their investment.

Ability to Secure Adequate Sources of Funding

The continued development of the Company's business will require additional financing and there is no assurance that the Company will obtain the financing necessary to be able to achieve its business objectives. The Company's ability to obtain additional financing will depend on investor demand, the Company's performance and reputation, market conditions and other factors. The Company's inability to raise such capital could result in the delay or indefinite postponement of the Company's current business or in its inability to continue to carry on its business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets. The Company's continued growth may be financed, wholly or partially, with debt, which may increase the Company's debt levels. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans or realize upon security over the Company's assets, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

Risk Management Efforts May Not Be Effective

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to the Company's business, assets and liabilities. The Company's risk management policies, procedures and techniques, may not be sufficient to identify all of the risks that the Company is exposed to, mitigate the risks that are identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

Dependence on Third Party Relationships

The Company may become highly dependent on a number of third-party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.

Tax and Accounting Changes

The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, or the manner in which the Company conducts its business. The Company may expand its operations into foreign jurisdictions in the future. These operations, and any expansion thereto, will require the Company to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to fail to comply.

Additional Costs to Maintain Public Listing

The Company is a reporting issuer and incurs significant legal, accounting and other expenses. The Company will incurs increased costs as a result of operating as a publicly-traded company and its management will be required to devote substantial time to compliance. In addition, securities laws and regulations and stock exchanges rules and polices impose various requirements on public companies, including requirements to file annual, quarterly and event-driven reports with respect to the Company's business and financial condition and operations and to establish and maintain effective disclosure and financial controls and corporate governance practices. The Company's existing management team will need to devote a substantial amount of time to these matters, and may need to hire additional personnel to assist the Company with complying with these requirements. Moreover, these rules and regulations will increase the Company's legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public Company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Being a public Company and complying with applicable rules and regulations will make it more expensive for the Company to obtain director and officer liability insurance, and the Company will incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Company to attract and retain qualified executive officers and board members.

Investor Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors.

Internal Controls

Proper internal control systems and disclosure are critical to the operation of a public company. However, the Company does not expect that its internal controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, the Company’s reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company and its reported financial information, which in turn could result in a reduction in the value of the Common Shares.

Dividends

The Company has not paid any dividends on its outstanding Common Shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company’s Board of Directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes or shifts in political attitude towards blockchain technology in certain countries may adversely affect the Company’s business.

Going Concern Assumption

The financial statements of the Company and HOK have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company and HOK will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company and HOK, and therefore the Company's continuation as a “going concern” is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company’s ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the “going concern” assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Need to Manage Growth

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company’s administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company’s business, operations and operating results and financial condition may be materially adversely affected.

Minority Shareholder Risk

Insiders of the Company own approximately a portion of the Company’s outstanding Common Shares. Accordingly, insiders of the Company will likely be able to exercise effective control over all matters requiring the approval of the Common Shareholders, including the election of directors and significant corporate transactions.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company requires significant access to credit for business expansion. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Regulatory Risks

The business and activities of the Company may be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Company may be subject to various laws, regulations and guidelines by governmental authorities, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company’s products and services. The Company’s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the provision of its services. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company’s ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate. Amendments to current laws and regulations governing the Company’s current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of the Company.

Permits and Licenses

The Company believes it currently has all permits and licences that are necessary to carry on its business. It may require additional licences or permits in the future and there can be no assurance that we will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Changes in Laws, Regulations and Guidelines

The Company’s operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States, Canada and potentially other jurisdictions. Although the Company is expected to comply with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company’s business, results of operations and financial condition.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management’s attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

Foreign and Crypto Currency Exchange Risk

The Company is a Canadian company, and a material amount of its expenses and fund raising is done in Canadian dollars. Certain of the expenses of the Company may be denominated in U.S. dollars and the initial revenues generated from the sale of NFT products will be in Ethereum. As a result, the Company is subject to foreign and cryptocurrency exchange risks relating to the relative value of the U.S. dollar or Ethereum compared to the Canadian dollar. A decline in the U.S. dollar or Ethereum would result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

Other Risks Relating to the Company's Business

Competition

The Company will compete with other businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and metaverse sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company offers produces and services that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

Schedule "G"

Unaudited Condensed Interim Consolidated Financial Statements
for six months ended January 31, 2024 and 2023

METASPHERE LABS INC.

(FORMERLY LOOKING GLASS LABS LTD.)

Unaudited Condensed Interim Consolidated Financial Statements

Six months ended January 31, 2024 and 2023

Expressed in Canadian Dollars

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	**January 31, 2024 $**	(Audited) July 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**721,912**	46,979
Accounts receivable		**120,855**	110,658
Digital assets	5	**27,976**	21,951
Prepaid expenses		**67,534**	73,790
		938,277	253,378
Non-current assets			
Right-of-use assets	8	**-**	226,754
Property and equipment	6	**23,013**	35,553
Deferred contract costs	16	**128,496**	321,240
Total assets		**1,089,786**	836,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,12	**1,239,760**	1,137,010
Due to related parties	12	**14,233**	14,233
Loans payable	10	**303,979**	1,374,415
Deferred revenue – current portion	16	**868,632**	-
Lease liabilities – current portion	8	**-**	176,065
		2,426,604	2,701,723
Non-current liabilities			
Lease liabilities	8	**-**	67,854
Deferred revenue	16	**-**	2,170,910
Total liabilities		**2,426,604**	4,940,487
SHAREHOLDERS' DEFICIENCY			
Share capital	11	**19,445,173**	17,444,673
Reserve	11	**3,686,440**	3,720,574
Warrant reserve	11	**9,762**	9,762
Accumulated other comprehensive loss		**(66,789)**	(66,789)
Deficit		**(24,411,404)**	(25,211,782)
Total shareholders' deficiency		**(1,336,818)**	(4,103,562)
Total liabilities and shareholders' deficiency		**1,089,786**	836,925

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 18)

Approved by the board of directors and authorized for issue on March 15, 2024:

"James Henning"	*"Kevin Cornish"*
James Henning, Director	Kevin Cornish, Director

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)

Unaudited Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

		Three months ended		Six months ended	
		January 31, 2024 $	**January 31, 2023 $**	**January 31, 2024 $**	**January 31, 2023 $**
Revenues					
NFT sales	16	650,695	-	1,302,281	-
Royalty income	16	-	1,790	-	5,168
Design services income		-	71,148	-	204,836
Total revenues		650,695	72,938	1,302,281	210,004
Cost of revenues		(96,368)	(20,873)	(192,744)	(22,392)
Gross profit		554,327	52,065	1,109,537	187,612
Expenses					
Amortization	6,7,8	6,270	84,398	26,712	168,796
Consulting fees	12	64,101	28,890	75,851	66,474
Corporate development fees	12	7,876	145,253	14,876	271,406
Development costs		-	56,120	-	136,035
Interest expense		13,711	29,706	47,365	38,413
Marketing		68	373,086	9,639	444,502
Office expenses		14,572	81,325	46,801	140,575
Professional fees	12	123,815	53,373	153,203	383,511
Stock-based compensation (recovery)	11,12	(122,534)	1,184,716	(34,134)	2,289,961
Transfer agent and filing fees		52,890	70,356	57,220	126,060
Wages and salaries		-	421,322	4,093	865,746
Operating expenses		**(160,769)**	**(2,528,545)**	**(401,626)**	**(4,931,479)**
Other items					
Change in revaluation of digital assets	5	6,021	1,031	6,021	(1,253)
Gain (loss) on use of digital assets	5	-	87	-	(331)
Gain on settlement of debt		104,531	-	104,531	-
Loss on termination of lease		-	-	(18,085)	-
Impairment of goodwill		-	(3,488,996)	-	(3,488,996)
Income (loss) from continuing operations		**504,110**	**(5,964,358)**	**800,378**	**(8,234,447)**
Loss from discontinued operations		-	(88,943)	-	(167,878)
Net income (loss) for the period		**504,110**	**(6,053,301)**	**800,378**	**(8,402,325)**
Foreign currency translation adjustment		**-**	(40,568)	-	(41,401)
Net comprehensive income (loss) for the period		**504,110**	**(6,093,869)**	**800,378**	**(8,443,726)**
Net income (loss) per share:					
Basic income (loss) per share – continuing operations		0.03	(3.31)	0.08	(4.77)
Basic income (loss) per share – discontinued operations		-	(0.05)	-	(0.10)
Basic total income (loss) per share		**0.03**	**(3.36)**	**0.08**	**(4.87)**
Diluted income (loss) per share – continuing operations		0.02	(3.31)	0.04	(4.77)
Diluted income (loss) per share – discontinued operations		**-**	(0.05)	-	(0.10)
Diluted total income (loss) per share diluted		**0.02**	**(3.36)**	**0.04**	**(4.87)**

Weighted average number of common shares outstanding:				
Basic	16,989,514	1,802,927	9,487,639	1,724,492
Diluted	29,872,078	1,802,927	22,370,203	1,724,492

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)

Unaudited Condensed Interim Consolidated Statement of Shareholders' Equity (Deficit)
For the six months ended January 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Share capital Number of shares*	Share capital Amount $	Reserve $	Warrant reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, July 31, 2022	*	**1,545,450**	**13,339,178**	**2,830,107**	**9,762**	**(25,387)**	**(12,665,870)**	**3,487,790**
Shares issued to acquire Web 3.0	3	184,363	1,935,815	-	-	-	-	1,935,815
Shares issued upon exercise of options	11	19,556	255,806	(109,139)	-	-	-	146,667
Shares issued upon exercise of warrants	11	26,667	200,000	-	-	-	-	200,000
RSU conversion	11	111,800	1,566,874	(1,566,874)	-	-	-	-
Share-based compensation	11	-	-	2,289,961	-	-	-	2,289,961
Net loss for the period		-	-	-	-	(41,401)	(8,402,325)	(8,443,726)
Balance, January 31, 2023		**1,887,836**	**17,297,673**	**3,444,055**	**9,762**	**(66,788)**	**(21,068,195)**	**(383,493)**
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**3,720,574**	**9,762**	**(66,789)**	**(25,211,782)**	**(4,103,562)**
Share consolidation rounding	*	(72)	-	-	-	-	-	-
Shares issued for private placement	11	20,005,000	2,000,500	-	-	-	-	2,000,500
Share-based recovery	11	-	-	(34,134)	-	-	-	(34,134)
Net income for the period		-	-	-	-	-	800,378	800,378
Balance, January 31, 2024		**21,990,764**	**19,445,173**	**3,686,440**	**9,762**	**(66,789)**	**(24,411,404)**	**(1,336,818)**

* On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these condensed interim consolidated financial statements are presented on a post-consolidation basis.

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)

Unaudited Condensed Interim Consolidated Statements of Cash Flow
For the six months ended January 31, 2024 and 2023
(Expressed in Canadian Dollars)

	2024	2023
	$	$
Operating activities		
Net income (loss) for the period	800,378	(8,402,325)
Adjustments for non-cash items:		
Interest expense	47,363	16,491
Digital assets converted to fiat currency	-	110,633
Digital assets received for sales	-	(5,168)
Digital assets paid for services	-	22,392
Depreciation	26,712	251,263
Loss on use of digital assets	-	331
Change in revaluation of digital assets	(6,021)	1,253
Gain on termination of lease	18,085	-
Gain on settlement of debt	(104,531)	-
Share-based compensation (recovery)	(34,134)	2,289,961
Impairment of goodwill	-	3,488,996
Changes in non-cash working capital items:		
Amounts receivable	(10,197)	50,632
Prepaid expenses	6,256	23,605
Accounts payable and accrued liabilities	90,056	387,048
Deferred contract costs	192,744	-
Deferred revenue	(1,302,278)	3,216
Net cash flows used in operating activities	(275,567)	(1,761,672)
Investing activities		
Additions of internally developed software	-	(484,962)
Cash received pursuant to acquisition of Web 3.0	-	804,460
Net cash flows provided by investing activities	-	319,498
Financing activities		
Loans received (repaid), net	(50,000)	1,207,922
Lease payments	-	(96,766)
Proceeds from exercise of warrants and options	-	346,667
Cash proceeds from private placement, net	1,000,500	-
Net cash flows provided by financing activities	950,500	1,457,823
Increase in cash	674,933	15,649
Effects of foreign exchange on cash	-	(41,401)
Cash, beginning of the period	46,979	308,035
Cash, end of the period	**721,912**	**282,283**

1. Nature and Continuance of Operations

Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On February 29, 2024 the Company changed its name from Looking Glass Labs Ltd. to Metasphere Labs Inc. On October 8, 2021, the Company changed its name from BluKnight Aquafarms Inc. to Looking Glass Labs Ltd. The Company changed its name from 1040426 BC Ltd to BluKnight Aquafarms Inc. on July 12, 2017. The Company specializes in consumer engagement applications to leverage immersive metaverse environments, gamification and Web 3.0/blockchain monetization strategies.

The head office, principal address, records office and registered address of the Company are located at 1890 – 1075 West Georgia Street, Vancouver, BC.

Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations beyond a twelve-month period. Management's plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations. If necessary, the Company will curtail spending.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the period ended January 31, 2024, the Company incurred a net comprehensive income of $800,378 (January 31, 2023 – net comprehensive loss of $8,443,726), and had an accumulated deficit of $24,411,404 (July 31, 2023 – $25,211,782) and a working capital deficiency of $1,488,327 as at January 31, 2024 (July 31, 2023 – $2,448,345).

The Company's ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

2. Statement of Compliance and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements were approved and authorized for issue on March 15, 2024 by the directors of the Company.

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2023. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited consolidated financial statements for the year ended July 31, 2023.

2. Statement of Compliance and Significant Accounting Policies (continued)

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified where applicable. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of Incorporation	Interest 2023	Interest 2022	Functional Currency
Genzeroes Productions Inc.	Canada	0%	100%	Canadian Dollars
HOK Vietnam Company Limited	Vietnam	0%	100%	Vietnamese Dong
Web 3.0 Holdings Corp.	Canada	100%	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	100%	Canadian Dollars

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Functional and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars. Each entity determines its own functional currency, and items included in the unaudited condensed interim consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies
Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized immediately in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars from their functional currency at the exchange rate prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the exchange rates approximating those in effect on the date transactions occurred. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings as part of the gain or loss on disposal.

2. Statement of Compliance and Significant Accounting Policies (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's unaudited condensed interim consolidated financial statements include the following:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgment of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 5). Digital assets are carried at their fair market value determined by the spot rate from www.finance.yahoo.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the Black-Scholes option pricing model. The Company also uses judgment to estimate probability of achieving vesting conditions of restricted stock units ("RSUs").

Business combinations
Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

2. Statement of Compliance and Significant Accounting Policies (continued)

Leases
Determining whether a lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgment in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15 - Revenue from Contracts with Customers.

New Standards Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

3. Asset Acquisition

On August 9, 2022, the Company entered into a share purchase agreement to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments.

As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022, payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combinations*. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire the entity. The fair value of the consideration paid was determined based on the fair value of the assets received in accordance with IFRS 2 – *Share Based Payments*.

(Expressed in Canadian Dollars)

3. Asset Acquisition (continued)

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815

Cash	804,460
Net assets assumed	804,460
Acquired retail technology platform	1,131,355
	1,935,815

On July 31, 2023, the Company recorded impairment of the retail technology platform of $1,131,355 as described in Note 7.

4. Disposal of GenZeroes and Discontinued Operations

On March 30, 2023, the Company completed the sale of its subsidiary, GenZeroes Productions Inc. ("GenZeroes"), the GenX smart contract and all associated intellectual property (the "Related IP") (collectively, the "Assets"), to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

As consideration for the Assets, the Company received a promissory note (the "Note") for $800,000 having an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Note is secured against the shares of GenZeroes Productions Inc. and the Related IP. The initial fair value of the Note on inception was determined to be $200,426. The fair value of the instrument was estimated using a discounted cash flow model using a discount rate of 39%. At July 31, 2023, the Company had recorded $23,522 of interest and recorded an impairment equal to the carrying value of the Note of $223,948 due to uncertain collectability.

The Company shall also retain a 50% royalty in perpetuity on all net proceeds from the content owned by GenZeroes Productions Inc., which relates to the already completed first season of the GenZeroes series. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

During the year ended July 31, 2023, the Company recorded a loss on the deconsolidation of GenZeroes of $428,307, which included $268 of cash held by GenZeroes.

(Expressed in Canadian Dollars)

4. Disposal of GenZeroes and Discontinued Operations (continued)

The assets, liabilities and gain on loss of control of GenZeroes after deconsolidation are presented below:

	$
Assets	
Cash	268
Accounts receivable	594
Prepaid expenses	35,000
Intangible asset	632,839
Total Assets	668,701
Liabilities	
Accounts payable	39,968
Intercompany payables	1,167,847
Total Liabilities	**1,207,815**
Net liabilities	(539,114)
Intercompany payables forgiven	1,167,847
Accounting fair value of promissory note received	(200,426)
Loss on deconsolidation	**428,307**

The net loss from discontinued operations for the periods ended January 31, 2024, and 2023 are presented below:

	Three Months Ended		**Six Months Ended**	
	January 31, 2024	**January 31, 2023**	**January 31, 2024**	**January 31, 2023**
	$	**$**	**$**	**$**
Revenues	-	-	-	-
Expenses				
Amortization	-	42,901	-	82,467
Consulting fees	-	9,000	-	18,000
Marketing	-	-	-	16,151
Office expenses	-	37,042	-	51,260
Total expenses	-	**88,943**	-	**167,878**
Net loss from discontinued operations	-	**(88,943)**	-	**(167,878)**

The consolidated statement of cash flows for the periods ended January 31, 2024, and 2023 was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of GenZeroes for the periods ended January 31, 2024, and 2023 are presented in the following table:

	Six months ended	
	January 31, 2024	**January 31, 2023**
	$	**$**
Cash flows used in operating activities	-	(13,412)
Cash flows used in investing activities	-	(14,583)
Cash flows provided by financing activities	-	-
Decrease in cash	-	**(27,995)**

(Expressed in Canadian Dollars)

5. Digital Assets

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues, and are revalued to their current market value at each reporting date. The fair value is determined using the spot rate based on the weighted average from www.finance.yahoo.com on the date the tokens are received or recorded as a receivable.

Digital assets consist of Ethereum and USD-T/C (cryptocurrencies). Ethereum and USD-T/C earned and transacted during the year ended July 31, 2023 and six months ended January 31, 2024 were as follows:

		USD-T/C	Ethereum
	$	#	#
Balance, July 31, 2022	**154,302**	**3,694.95**	**71.64**
Digital assets received for revenues	5,534	-	2.76
Digital assets received for deferred revenues	446	-	0.26
Digital assets traded for cash	(110,634)	-	(55.00)
Digital assets paid for expenses	(22,907)	-	(10.77)
Gain on sale of digital assets	(7,650)	-	-
Revaluation of digital assets	2,860	-	-
Balance, July 31, 2023	**21,951**	**3,694.95**	**8.89**
Digital assets received for revenues	4	-	0.01
Revaluation of digital assets	6,021	-	-
Balance, January 31, 2024	**27,976**	**3,694.95**	**8.90**

i) Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at January 31, 2024, the price of Ethereum was $3,142 (July 31, 2023 - $2,467) resulting in a revaluation gain of $6,021 (July 31, 2023 - $2,860).

6. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Total
	$	$	$
Cost			
Balance, July 31, 2022 and 2023	62,169	13,077	75,246
Additions	-	-	-
Balance, January 31, 2024	**62,169**	**13,077**	**75,246**
Accumulated depreciation			
Balance, July 31, 2022	(12,793)	(1,817)	(14,610)
Depreciation	(20,723)	(4,360)	(25,083)
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Depreciation	(10,360)	(2,180)	(12,540)
Balance, January 31, 2024	**(43,876)**	**(8,357)**	**(52,233)**
Net book values			
Balance, July 31, 2023	**28,653**	**6,900**	**35,553**
Balance, January 31, 2024	**18,293**	**4,720**	**23,013**

(Expressed in Canadian Dollars)

7. Intangible Assets and Goodwill

As part of the acquisition of HOK, the Company acquired a platform. HOK is creating a blockchain-based virtual world and metaverse to be utilized across environments as well as virtual reality social and gaming activities (the "Platform").

The Company has also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Acquired NFTs represent NFTs purchased by the Company from third parties for development purposes.

	Acquired NFTs $	Film Series $	Acquired Platform $	Internally Generated Platforms $	Acquired IP $	Total $
Balance, July 31, 2022	**48,973**	**670,354**	**503,024**	**1,089,417**	**-**	**2,311,768**
Additions	-	63,401	-	387,912	1,131,355	1,582,668
Amortization	(48,973)	(100,916)	(57,857)	-	-	(207,746)
Disposals	-	(632,839)	-	-	-	(632,839)
Impairment	-	-	(445,167)	(1,477,329)	(1,131,355)	(3,053,851)
Balance, July 31, 2023 and January 31, 2024	**-**	**-**	**-**	**-**	**-**	**-**

Goodwill

	$
July 31, 2022	**3,323,409**
Impairment	(3,323,409)
July 31, 2023 and January 31, 2024	**-**

The recoverable amount of the operating unit was determined based upon updated cash flow projections. The Company used a discount rate of 39% for the current and previous value in use calculations. As at July 31, 2023, the Company recorded impairment of goodwill of $3,323,409 and impairment of intangibles of $3,036,077. The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth as a result of material uncertainties with respect to the Company's ability to raise capital for further development, decreased revenue projections as a result of a general downturn in the metaverse and blockchain industries.

8. Right-of-Use Assets and Lease Liabilities

The Company's primary lease consisted of office space. The Company used an incremental borrowing rate of 9.5%. On August 28, 2023, the primary lease was terminated in consideration for a payment of $60,000 to the lender which resulted in a loss on termination of $18,085. Upon termination the respective right-of-use asset balance of $212,582 and the right-of-use liability of $229,554 was derecognized. The following is a continuity schedule of right-of-use assets for the period ended January 31, 2024 and July 31, 2023:

Right-of-use assets	Office Lease $
Balance, July 31, 2022	**396,819**
Depreciation	(170,065)
Balance, July 31, 2023	**226,754**
Depreciation	(14,172)
Termination of lease	(212,582)
Balance, January 31, 2024	**-**

(Expressed in Canadian Dollars)

8. Right-of-Use Assets and Lease Liabilities (continued)

The following is a continuity schedule of lease liabilities for the six months ended January 31, 2024 and July 31, 2023:

Lease liabilities	Office Lease $
Balance, July 31, 2022	**408,463**
Interest	28,990
Payments	(193,534)
Balance, July 31, 2023	**243,919**
Interest	1,762
Payments	(16,127)
Termination of lease	(229,554)
Balance, January 31, 2024	**-**
Less: current portion	-
Non-current portion	-

9. Accounts Payable and Accrued Liabilities

	January 31, 2024 $	July 31, 2023 $
Accounts payable	**584,401**	541,074
Accrued liabilities	**655,359**	595,936
	1,239,760	1,137,010

10. Loans Payable

During the year ended July 31, 2022, the Company received loans of $40,000 from a private company. The loans were unsecured, non-interest bearing and due on demand. During the year ended July 31, 2023, the Company received additional loans of $1,544,000 from arm's-length parties and repaid $293,750. The loans are unsecured, bear interest at 10% per annum and are due on demand.

Holders of $1,000,000 of the Company's outstanding loans payable agreed to participate in the non-brokered private placement described in Note 11. On November 23, 2023, the Company closed the non-brokered private placement offering and issued 10,000,000 units ("Units") to convert $1,000,000 of loans payable from debt into equity. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional share of the Company for a period of two years at an exercise price of $0.10. The Company repaid $50,000 to a loan holder, and a balance of $66,036 of accrued interest was forgiven and recorded as a gain on settlement of debt.

As at January 31, 2024, the Company had $303,979 (July 31, 2023- $1,374,415) of loans payable, including $23,980 (July 31, 2023- $84,165) of accrued interest.

(Expressed in Canadian Dollars)

11. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these condensed interim consolidated financial statements are presented on a post-consolidation basis

Issued share capital

At January 31, 2024, there were 21,990,836 (July 31, 2023 – 1,985,836) issued and fully paid common shares outstanding.

For the period ended January 31, 2024

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every seventy-five old common shares. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

On November 23, 2023, the Company closed a non-brokered private placement offering and issued 20,005,000 units (“Units”) at a price of $0.10 per Unit, for cash consideration of $2,000,500 (the “Offering”). The Company received gross cash proceeds of $1,000,500 and $1,000,000 was converted from debt into equity as certain loan holders participated in the Offering. Each Unit consists of one common share in the capital of the Company (each a, “Share”) and one common share purchase warrant (each a, “Warrant”). Each Warrant entitles the holder thereof to purchase one additional Share of the Company for a period of two years from the closing date of the Offering at an exercise price of $0.10.

For the period ended January 31, 2023

On September 7, 2022, the Company issued 184,363 common shares with a fair value of $1,935,815 pursuant to the acquisition of Web 3.0 as described in Note 3.

During the six months ended January 31, 2023, the Company issued 19,556 common shares upon the exercise of 19,556 stock options for total proceeds of $146,667 and the Company transferred $109,139 from reserve to share capital.

During the six months ended January 31, 2023, the Company issued 26,667 common shares upon the exercise of 26,667 warrants for total proceeds of $200,000.

During the six months ended January 31, 2023, the Company issued 111,800 common shares upon the conversion of 111,800 RSUs and the Company transferred $1,566,874 from reserve to share capital.

Warrants

The following table summarizes the continuity of the Company’s share purchase warrants:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2022	160,410	43.50
Exercised	(26,667)	7.50
Balance, July 31, 2023	133,743	50.76
Granted	20,005,000	0.10
Balance, January 31, 2024	20,138,743	0.44

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Details of warrants outstanding as of January 31, 2024 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
November 23, 2025	20,005,000	0.10
September 15, 2026	66,664	7.50
November 10, 2026	67,079	93.75
	20,138,743	

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

On September 13, 2022, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest 1/8 every three months over 24 months. The total grant date fair value of the options was measured at $1,374,038. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $13.50; exercise price - $10.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 3.23%.

During the period ended January 31, 2024, the Company recorded a recovery of share-based compensation of $34,134 (January 31, 2023 – share-based compensation of $2,289,961) related to the vesting of options. The following is a summary of the Company's option activity for the periods ended January 31, 2024 and July 31, 2023.

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2022	151,333	27.75
Granted	129,250	10.50
Cancelled	(94,583)	(12.75)
Exercised	(19,556)	(7.50)
Balance, July 31, 2023	166,444	24.69
Cancelled	(42,672)	(16.11)
Balance, January 31, 2024	123,772	27.65
Exercisable, January 31, 2024	111,272	29.57

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Stock options (continued)

Details of options outstanding and exercisable as at January 31, 2024 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
April 11, 2024	1,334	1,334	56.25
October 14, 2026	31,438	31,438	7.50
February 7, 2027	55,666	55,666	48.75
March 16, 2027	667	667	60.00
April 13, 2027	667	667	56.25
June 1, 2024	667	667	18.75
September 13, 2027	33,333	20,833	10.50
	123,772	111,272	

Restricted Stock Units ("RSUs")

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

Under the terms of the plan, RSUs are granted to Participants and the RSUs expire at the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans.

On September 13, 2022, pursuant to its shareholder approved restricted share unit ("RSU") plan (the "RSU Plan"), the Company has granted 1,500,000 RSUs to a consultant of the Company, vesting immediately. The RSUs had a fair value of $270,000, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation.

During the period ended January 31, 2024, the Company recorded $Nil (January 31, 2023- $411,629) of stock-based compensation relating to the number of vested RSUs.

As at January 31, 2024, 37,773 (July 31, 2023 - 37,773) restricted stock units were outstanding under the RSU plan.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options, warrants or RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Net income per share continuing operations

	Three months ended		Six months ended	
	January 31, 2024 $	January 31, 2023 $	January 31, 2024 $	January 31, 2023 $
Net income (loss) attributable to common shareholders from continuing operations	504,110	(5,964,358)	800,378	(8,234,447)
Basic weighted average number of common shares outstanding	16,989,514	1,802,927	9,487,639	1,724,492
Effect of dilutive securities:				
Stock options	-	-	-	-
Warrants	12,882,564	-	12,882,564	-
Diluted weighted average number of common shares outstanding	29,872,078	1,802,927	22,370,203	1,724,492
Basic net income (loss) per common share	0.03	(3.31)	0.08	(4.77)
Diluted income (loss) per common share	0.02	(3.31)	0.04	(4.77)

Net income per share discontinued operations

	Three months ended		Six months ended	
	January 31, 2024 $	January 31, 2023 $	January 31, 2024 $	January 31, 2023 $
Net income (loss) attributable to common shareholders from discontinued operations	-	(88,943)	-	(167,878)
Basic weighted average number of common shares outstanding	16,989,514	1,802,927	9,487,639	1,724,492
Effect of dilutive securities:				
Stock options	-	-	-	-
Warrants	12,882,564	-	12,882,564	-
Diluted weighted average number of common shares outstanding	29,872,078	1,802,927	22,370,203	1,724,492
Basic net income (loss) per common share	-	(0.05)	-	(0.10)
Diluted income (loss) per common share	-	(0.05)	-	(0.10)

12. Related Parties

Related party balances

Amounts due to related parties:
The following amounts due to related parties are included in trade payables and accrued liabilities:

	January 31, 2024 $	**July 31, 2023 $**
Amounts owed to directors of the Company	26,300	89,808
	26,300	89,808

(Expressed in Canadian Dollars)

12. Related Parties (continued)

Related party transactions

During the six months ended January 31, 2024, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $78,314 (2023 - $176,000) to the Company's key management.

During the six months ended January 31, 2024, the Company also incurred stock-based compensation to key management personnel related to the vesting of granted options of $3,732 (2023 - $201,526).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

13. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

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

Level 3: Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at January 31, 2024 and July 31, 2023:

	As at January 31, 2024		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	721,912	-	-
Digital assets	-	27,976	-

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	
Digital assets	-	21,951	-

13. Financial Risk and Capital Management (continued)

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finance.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist solely of Ethereum. As of January 31, 2024, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $2,798.

(b) Financial risk management:

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at January 31, 2024, the Company has cash of $721,912 (July 31, 2023 - $46,979) and digital assets of $27,976 (July 31, 2023 - $21,951) available to apply against short-term business requirements and current liabilities of $2,426,604 (July 31, 2023 - $2,701,723).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at January 31, 2024, it is management's conclusion that the exposure to market risk is not material.

(Expressed in Canadian Dollars)

14. Segmented Information

At January 31, 2024, the Company operated in one geographic area and one operating segment. During the period ended January 31, 2023, Company operated within two geographic areas, Canada and Vietnam and had one operating segment, which is the design, development, and sale of exclusive Non-Fungible Tokens ("NFTs").

	Canada $	Vietnam $	Total $
Six months ended January 31, 2024			
Revenue	1,302,281	-	1,302,281
Net Income	800,378	-	800,378
Six months ended January 31, 2023			
Revenue	210,004	-	210,004
Net Loss	(8,355,699)	(46,626)	(8,402,325)
Three months ended January 31, 2024			
Revenue	650,695	-	650,695
Net Income	504,110	-	504,110
Three months ended January 31, 2023			
Revenue	72,938	-	72,938
Net Loss	(6,053,301)	-	(6,053,301)
As at January 31, 2024			
Total non-current assets	151,509	-	151,509
As at July 31, 2023			
Total non-current assets	583,547	-	583,547

15. Capital Management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended January 31, 2024.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

(Expressed in Canadian Dollars)

16. Revenues

The Company's main source of revenue is the sale of digital goods to customers. The following is a breakdown of revenues earned:

	Three Months ended January 31,		**Six Months ended January 31,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
NFT sales	**650,695**	-	**1,302,278**	-
Royalty income	**-**	1,790	**3**	5,168
Design services income	**-**	71,148	**-**	204,836
	650,695	72,938	**1,302,281**	210,004

<u>Deferred Revenue</u>

The Company receives payments based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. Deferred revenue consists of payments received from the Company's virtual land NFT sales in advance of revenue recognition. As of January 31, 2024, the aggregate amount of revenue allocated to unsatisfied performance obligations of $868,632 (July 31, 2023- $2,170,910) is included in deferred revenue.

<u>Deferred Contract Costs</u>

The Company defers contract costs that are direct and incremental to obtaining user contracts. At January 31, 2024, the Company had deferred $128,496 (July 31, 2023 - $321,240) of contract costs consisting of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These costs will be amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized.

17. Contingency

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen against the Company. The claim is brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company and is brought under section 227 of the BC Business Corporations Act.

The Company intends to vigorously defend itself against the claim made. As set out in the Company's response to civil claim, it believes that the allegations are without merit.

18. Subsequent Events

a) Subsequent to the period ended January 31, 2024, the Company changed its name to "Metasphere Labs Inc." and began trading on the Cboe Canada Inc. (the "Cboe") under the new name at the market open on February 29, 2024. The Company also concurrently changed its stock symbol to "LABZ" from "NFTX" on the Cboe.

b) On February 6, 2024, the Company entered into an agreement (the "Purchase Agreement") to acquire the climate and artificial intelligence web3 assets (the "Purchased Assets") of Bot Media Corp. (the "Vendor") for a purchase price of $765,000, payable through the issuance of common shares of the Company (the "Consideration Shares") at a deemed price of $0.25 per share. Upon closing on February 8, 2024, the Company issued a total of 3,060,000 Consideration Shares to the Vendor pursuant to the terms of the Purchase Agreement.

Schedule "H"

Unaudited Condensed Interim Consolidated Financial Statements for three months ended October 31, 2023 and 2022

LOOKING GLASS LABS LTD.

Unaudited Condensed Interim Consolidated Financial Statements

Three months ended October 31, 2023 and 2022

Expressed in Canadian Dollars

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Looking Glass Labs Ltd. have been prepared by and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

LOOKING GLASS LABS LTD.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	October 31, 2023 $	(Audited) July 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**65,852**	46,979
Accounts receivable		**117,001**	110,658
Digital assets	5	**21,951**	21,951
Prepaid expenses		**60,431**	73,790
		265,235	253,378
Non-current assets			
Right-of-use assets	8	**-**	226,754
Property and equipment	6	**29,283**	35,553
Deferred contract costs	16	**224,867**	321,240
Total assets		**519,385**	836,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,12	**1,251,417**	1,137,010
Due to related parties	12	**14,233**	14,233
Loans payable	10	**1,418,305**	1,374,415
Deferred revenue – current portion	16	**1,519,324**	-
Lease liabilities – current portion	8	**-**	176,065
		4,203,279	2,701,723
Non-current liabilities			
Lease liabilities	8	**-**	67,854
Deferred revenue	16	**-**	2,170,910
Total liabilities		**4,203,279**	4,940,487
SHAREHOLDERS' DEFICIENCY			
Share capital	11	**17,444,673**	17,444,673
Subscriptions received in advance	11	**35,000**	-
Reserve	11	**3,808,974**	3,720,574
Warrant reserve	11	**9,762**	9,762
Accumulated other comprehensive loss		**(66,789)**	(66,789)
Deficit		**(24,915,514)**	(25,211,782)
Total shareholders' deficiency		**(3,683,894)**	(4,103,562)
Total liabilities and shareholders' deficiency		**519,385**	836,925

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 18)

Approved by the board of directors and authorized for issue on December 15, 2023:

"James Henning" — James Henning, Director

"Kevin Cornish" — Kevin Cornish, Director

LOOKING GLASS LABS LTD.
Unaudited Condensed Interim Consolidated Statement of Shareholders' Equity
For the three months ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

		Three months ended	
		October 31, 2023	**October 31, 2022**
		$	**$**
Revenue			
Design services income	16	**-**	137,066
NFT sales	16	**651,586**	-
Total revenue		**651,586**	137,066
Cost of revenue		**(96,376)**	(1,519)
Gross Profit		**555,210**	135,547
Expenses			
Amortization	6,8	**20,443**	123,964
Consulting fees	12	**11,750**	46,584
Corporate service fees		**7,000**	126,153
Development costs		**-**	79,915
Foreign exchange loss		**-**	12,437
Interest expense	10	**33,654**	8,707
Marketing		**9,574**	87,567
Office expenses		**47,346**	61,031
Professional fees		**29,388**	330,138
Stock-based compensation	11	**88,400**	1,105,245
Transfer agent and filing fees		**20,003**	55,704
Wages and salaries		**8,356**	444,425
Operating Expenses		**(275,914)**	**(2,481,870)**
Other Items			
Loss on revaluation of digital assets		**-**	(2,284)
(Loss) on use of digital assets		**-**	(417)
Gain on termination of lease		**16,972**	-
		16,972	**(2,701)**
Net gain (loss)		**296,268**	**(2,349,024)**
Foreign currency translation adjustment		**-**	833
Net comprehensive income (loss) for the period		**296,268**	**(2,348,191)**
Net income (loss) per share:			
Basic		**0.15**	(1.42)
Diluted		**0.15**	(1.42)
Weighted average number of common shares outstanding:			
Basic and diluted		**1,985,764**	1,653,710

LOOKING GLASS LABS LTD.

Unaudited Condensed Interim Consolidated Statement of Shareholders' Equity
For the three months ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

		Share capital							
	Note	Number of shares*	Amount	Share subscriptions received in advance	Reserve	Warrant reserve	Accumulated other comprehensive loss	Deficit	Total
			$	$	$	$	$	$	$
Balance, July 31, 2022		**1,545,450**	**13,322,675**	**-**	**2,830,107**	**9,762**	**(25,387)**	**(12,511,090)**	**3,626,067**
				-					
Shares issued to acquire Web 3.0	3	184,363	1,935,815	-	-	-	-	-	1,935,815
Shares issued upon exercise of options	11	111	1,453	-	(620)	-	-	-	833
Share-based compensation	11	-	-	-	1,105,245	-	-	-	1,105,245
Net loss for the period		-	-	-	-	-	833	(2,349,024)	(2,348,191)
Balance, October 31, 2022		**1,729,924**	**15,259,943**	**-**	**3,934,732**	**9,762**	**(24,554)**	**(14,860,114)**	**4,319,769**
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**-**	**3,720,574**	**9,762**	**(66,789)**	**(25,211,782)**	**(4,103,562)**
Share subscriptions received in advance	11	-	-	35,000	-	-	-	-	35,000
Share-based compensation	11	-	-	-	88,400	-	-	-	88,400
Net income for the period		-	-	-	-	-	-	296,268	296,268
Balance, October 31, 2023		**1,985,836**	**17,444,673**	**35,000**	**3,808,974**	**9,762**	**(66,789)**	**(24,915,514)**	**(3,683,894)**

*On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these condensed interim consolidated financial statements are presented on a post-consolidation basis.

LOOKING GLASS LABS LTD.
Unaudited Condensed Interim Consolidated Statements of Cash Flow
For the three months ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Operating activities		
Net income (loss) for the period	296,268	(2,349,024)
Adjustments for non-cash items:		
Interest expense	33,654	8,707
Digital assets converted to fiat currency	-	94,675
Digital assets received for sales	-	(3,378)
Digital assets paid for services	-	1,519
Depreciation	20,443	123,964
Loss (gain) on use of digital assets	-	417
Change in revaluation of digital assets	-	2,284
Loss (gain) on termination of lease	(16,972)	-
Share-based compensation	88,400	1,105,245
Changes in non-cash working capital items:		
Amounts receivable	(6,343)	8,455
Prepaid expenses	13,359	55,365
Accounts payable and accrued liabilities	98,277	19,477
Due to related parties	-	-
Deferred contract costs	96,373	-
Deferred revenue	(651,586)	3,216
Net cash flows used in operating activities	(28,127)	(929,078)
Investing activities		
Additions of internally developed software	-	(377,860)
Cash received pursuant to acquisition of Web 3.0	-	804,460
Net cash flows provided by investing activities	-	426,600
Financing activities		
Loans received (repaid), net	12,000	434,000
Lease payments	-	(48,383)
Proceeds from exercise of warrants and options	-	833
Subscriptions received	35,000	-
Net cash flows provided by financing activities	47,000	386,450
Increase (decrease) in cash	18,873	(116,028)
Effects of foreign exchange on cash	-	833
Cash, beginning of the period	46,979	308,035
Cash, end of the period	**65,852**	**192,840**

1. Nature and Continuance of Operations

Looking Glass Labs Ltd. (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On October 8, 2021, the Company changed its name from BluKnight Aquafarms Inc. to Looking Glass Labs Ltd. The Company changed its name from 1040426 BC Ltd to BluKnight Aquafarms Inc. on July 12, 2017. Looking Glass Labs Ltd. specializes in consumer engagement applications to leverage immersive metaverse environments, gamification and Web 3.0/blockchain monetization strategies. The head office, principal address, records office and registered address of the Company are located at 1890 – 1075 West Georgia Street, Vancouver BC.

Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations beyond a twelve-month period. Management's plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations. If necessary, the Company will curtail spending.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the period ended October 31, 2023, the Company incurred a net comprehensive income of $296,268 (October 31, 2022 – net comprehensive loss of $2,348,191), and had an accumulated deficit of $24,915,514 (July 31, 2023 – $25,211,782) and a working capital deficiency of $3,938,044 as at October 31, 2023 (July 31, 2023 – $2,448,345).

The Company's ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

2. Statement of Compliance and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements were approved and authorized for issue on December 15, 2023 by the directors of the Company.

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2023. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited consolidated financial statements for the year ended July 31, 2023.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Statement of Compliance and Significant Accounting Policies (continued)

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified where applicable. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of Incorporation	Interest 2023	Interest 2022	Functional Currency
Genzeroes Productions Inc.	Canada	0%	100%	Canadian Dollars
HOK Vietnam Company Limited	Vietnam	0%	100%	Vietnamese Dong
Web 3.0 Holdings Corp.	Canada	100%	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	100%	Canadian Dollars

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. Each entity determines its own functional currency, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies
Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized immediately in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars from their functional currency at the exchange rate prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the exchange rates approximating those in effect on the date transactions occurred. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings as part of the gain or loss on disposal.

2. Statement of Compliance and Significant Accounting Policies (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's consolidated financial statements include the following:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgment of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 5). Digital assets are carried at their fair market value determined by the spot rate from www.finance.yahoo.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the Black-Scholes option pricing model. The Company also uses judgment to estimate probability of achieving vesting conditions of restricted stock units ("RSUs").

Business combinations
Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

2. Statement of Compliance and Significant Accounting Policies (continued)

Leases
Determining whether a lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgment in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15 - Revenue from Contracts with Customers.

New Standards Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Asset Acquisition

On August 9, 2022, the Company entered into a share purchase agreement to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments.

As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022, payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – *Business Combinations*. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire the entity. The fair value of the consideration paid was determined based on the fair value of the assets received in accordance with IFRS 2 – *Share Based Payments*.

(Expressed in Canadian Dollars)

3. Asset Acquisition (continued)

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815

Cash	804,460
Net assets assumed	804,460
Acquired retail technology platform	1,131,355
	1,935,815

On July 31, 2023, the Company recorded impairment of the retail technology platform of $1,131,355 as described in Note 7.

4. Disposal of GenZeroes and Discontinued Operations

On March 30, 2023, the Company completed the sale of its subsidiary, GenZeroes Productions Inc. ("GenZeroes"), the GenX smart contract and all associated intellectual property (the "Related IP") (collectively, the "Assets"), to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

As consideration for the Assets, the Company received a promissory note (the "Note") for $800,000 having an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Note is secured against the shares of GenZeroes Productions Inc. and the Related IP. The initial fair value of the Note on inception was determined to be $200,426. The fair value of the instrument was estimated using a discounted cash flow model using a discount rate of 39%. At July 31, 2023, the Company had recorded $23,522 of interest and recorded an impairment equal to the carrying value of the Note of $223,948 due to uncertain collectability.

The Company shall also retain a 50% royalty in perpetuity on all net proceeds from the content owned by GenZeroes Productions Inc., which relates to the already completed first season of the GenZeroes series. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

During the year ended July 31, 2023, the Company recorded a loss on the deconsolidation of GenZeroes of $428,307, which included $268 of cash held by GenZeroes.

(Expressed in Canadian Dollars)

4. Disposal of GenZeroes and Discontinued Operations (continued)

The assets, liabilities and gain on loss of control of GenZeroes after deconsolidation are presented below:

	$
Assets	
Cash	268
Accounts receivable	594
Prepaid expenses	35,000
Intangible asset	632,839
Total Assets	668,701
Liabilities	
Accounts payable	39,968
Intercompany payables	1,167,847
Total Liabilities	**1,207,815**
Net liabilities	(539,114)
Intercompany payables forgiven	1,167,847
Accounting fair value of promissory note received	(200,426)
Loss on deconsolidation	**428,307**

The net loss from discontinued operations for the periods ended October 31, 2023, and 2022 are presented below:

	Three Months Ended	
	October 31, 2023	**October 31, 2022**
	$	**$**
Revenues	-	-
Expenses		
Amortization	-	39,566
Consulting fees	-	9,000
Marketing	-	16,812
Office expenses	-	13,557
Total expenses	-	**78,935**
Net loss from discontinued operations	-	**(78,935)**

The consolidated statement of cash flows for the periods ended October 31, 2023 and 2022 was not restated to present the cash flows from the discontinued operations separately, as the Company elected to provide this information in the present note. The cash flows from the discontinued operations of GenZeroes for the periods ended October 31, 2023 and 2022 are presented in the following table:

	Three months ended	
	October 31, 2023	**October 31, 2022**
	$	**$**
Cash flows used in operating activities	-	(39,585)
Cash flows provided by investing activities	-	6,293
Cash flows provided by financing activities	-	-
Decrease in cash	-	**(33,292)**

(Expressed in Canadian Dollars)

5. Digital Assets

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues, and are revalued to their current market value at each reporting date. The fair value is determined using the spot rate based on the weighted average from www.finance.yahoo.com on the date the tokens are received or recorded as a receivable.

Digital assets consist of Ethereum and USD-T/C (cryptocurrencies). Ethereum and USD-T/C earned and transacted during the year ended July 31, 2023 and three months ended October 31, 2023 were as follows:

		USD-T/C	Ethereum
	$	#	#
Balance, July 31, 2022	**154,302**	**3,694.95**	**71.64**
Digital assets received for revenues	5,534	-	2.76
Digital assets received for deferred revenues	446	-	0.26
Digital assets traded for cash	(110,634)	-	(55.00)
Digital assets paid for expenses	(22,907)	-	(10.77)
Gain on sale of digital assets	(7,650)	-	-
Revaluation of digital assets	2,860	-	-
Balance, July 31, 2023 and October 31, 2023	**21,951**	**3,694.95**	**8.89**

i) During the three months ended October 31, 2023, the Company exchanged its digital assets for cash, and other services totaling $Nil (2022 - $96,194) with a cost of $Nil (2022 - $98,478), which resulted in a realized loss on sale of $Nil (July 31, 2023 - $7,650).

ii) Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at October 31, 2023, the price of Ethereum was $2,467 (July 31, 2023 - $2,467) resulting in a revaluation gain of $Nil (July 31, 2023 - $2,860).

6. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Total
	$	$	$
Cost			
Balance, July 31, 2022 and 2023	62,169	13,077	75,246
Additions	-	-	-
Balance, October 31, 2023	**62,169**	**13,077**	**75,246**
Accumulated depreciation			
Balance, July 31, 2022	(12,793)	(1,817)	(14,610)
Depreciation	(20,723)	(4,360)	(25,083)
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Depreciation	(5,180)	(1,090)	(6,270)
Balance, October 31, 2023	**(38,696)**	**(7,267)**	**(45,963)**
Net book values			
Balance, July 31, 2023	**28,653**	**6,900**	**35,553**
Balance, October 31, 2023	**23,473**	**5,810**	**29,283**

(Expressed in Canadian Dollars)

7. Intangible Assets and Goodwill

As part of the acquisition of HOK as described in Note 3, the Company acquired a platform. HOK is creating a blockchain-based virtual world and metaverse to be utilized across environments as well as virtual reality social and gaming activities (the "Platform").

The Company has also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Acquired NFTs represent NFTs purchased by the Company from third parties for development purposes.

	Acquired NFTs $	Film Series $	Acquired Platform $	Internally Generated Platforms $	Acquired IP $	Total $
Balance, July 31, 2022	**48,973**	**670,354**	**503,024**	**1,089,417**	**-**	**2,311,768**
Additions	-	63,401	-	387,912	1,131,355	1,582,668
Amortization	(48,973)	(100,916)	(57,857)	-	-	(207,746)
Disposals	-	(632,839)	-	-	-	(632,839)
Impairment	-	-	(445,167)	(1,477,329)	(1,131,355)	(3,053,851)
Balance, July 31, 2023 and October 31 2023	**-**	**-**	**-**	**-**	**-**	**-**

Goodwill

	$
July 31, 2022	**3,323,409**
Impairment	(3,323,409)
July 31, 2023 and October 31, 2023	**-**

The recoverable amount of the operating unit was determined based upon updated cash flow projections. The Company used a discount rate of 39% for the current and previous value in use calculations. As at July 31, 2023, the Company recorded impairment of goodwill of $3,323,409 and impairment of intangibles of $3,036,077. The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth as a result of material uncertainties with respect to the Company's ability to raise capital for further development, decreased revenue projections as a result of a general downturn in the metaverse and blockchain industries.

8. Right-of-Use Assets and Lease Liabilities

The Company's primary leases consist of a research and development facility and an office space. The Company used an incremental borrowing rate of 9.5%. On August 28, 2023, the primary lease was terminated and the respective right-of-use asset balance of $212,582 and the right-of-use liability of $229,554 was derecognized which resulted in a gain on termination of $16,972. The following is a continuity schedule of right-of-use assets for the period ended three months ended October 31, 2023 and July 31, 2023:

Right-of-use assets	Office Lease $
Balance, July 31, 2022	**396,819**
Depreciation	(170,065)
Balance, July 31, 2023	**226,754**
Depreciation	(14,172)
Termination of lease	(212,582)
Balance, October 31, 2023	**-**

(Expressed in Canadian Dollars)

8. Right-of-Use Assets and Lease Liabilities (continued)

The following is a continuity schedule of lease liabilities for the three months ended October 31, 2023 and July 31, 2023:

Lease liabilities	Office Lease $
Balance, July 31, 2022	**408,463**
Interest	28,990
Payments	(193,534)
Balance, July 31, 2023	**243,919**
Interest	1,762
Payments	(16,127)
Termination of lease	(229,554)
Balance, October 31, 2023	**-**
Less: current portion	-
Non-current portion	-

9. Accounts Payable and Accrued Liabilities

	October 31, 2023 $	July 31, 2023 $
Accounts payable	**743,402**	541,074
Accrued liabilities	**508,015**	595,936
	1,251,417	1,137,010

10. Loans Payable

During the year ended July 31, 2022, the Company received loans of $40,000 from a private company. The loans were unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2023, the Company received loans of $1,544,000 from arm’s-length parties and repaid $293,750. The loans are unsecured, bear interest at 10% per annum and are due on demand.

During the period ended October 31, 2023, the Company received loans of $12,000 and the loans were unsecured, non-interest bearing and due on demand. As at October 31, 2023, the Company had $1,418,305 (July 31, 2023- $1,374,415) of loans payable, including $116,055 (July 31, 2023- $84,165) of in accrued interest.

(Expressed in Canadian Dollars)

11. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At October 31, 2023, there were 1,985,836 (July 31, 2023 – 1,985,836) issued and fully paid common shares outstanding.

During the period ended October 31, 2023, the Company received subscriptions in advance in the amount of $35,000 for a private placement that closed subsequently (Note 18).

For the period ended October 31, 2023

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every 75 old common shares. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

For the period ended October 31, 2022

On September 7, 2022, the Company issued 184,363 common shares with a fair value of $1,935,815 pursuant to the acquisition of Web 3.0 as described in Note 3.

On September 22, 2022, the Company issued 111 common shares upon the exercise of 111 stock options for total proceeds of $833 and the Company transferred $620 from reserve to share capital.

Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2022	160,410	43.50
Exercised	(26,667)	7.50
Balance, July 31, 2023 and October 31, 2023	133,743	51.00

Details of warrants outstanding as of October 31, 2023 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
September 15, 2026	66,664	7.50
November 10, 2026	67,079	93.75
	133,743	

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

On September 13, 2022, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest 1/8 every three months over 24 months. The total grant date fair value of the options was measured at $1,374,038. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $13.50; exercise price - $10.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 3.23%.

During the period ended October 31, 2023, the Company recorded $83,539 (October 31, 2022 - $817,745) of share-based compensation related to the vesting of options. The following is a summary of the Company's option activity for the periods ended October 31, 2023 and July 31, 2023.

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2022	151,333	27.75
Granted	129,250	10.50
Cancelled	(94,583)	(12.75)
Exercised	(19,556)	(7.50)
Balance, July 31, 2023 and October 31, 2023	166,444	24.95
Exercisable, October 31, 2023	133,111	26.25

Details of options outstanding and exercisable as at October 31, 2023 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
April 11, 2024	1,333	1,333	56.25
October 14, 2026	34,778	34,778	7.50
February 7, 2027	59,000	59,000	48.75
March 16, 2027	667	667	60.00
April 13, 2027	3,333	3,333	56.25
June 1, 2024	667	667	18.75
September 13, 2027	66,666	33,333	10.50
	166,444	133,111	

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Restricted Stock Units ("RSUs")

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

Under the terms of the plan, RSUs are granted to Participants and the RSUs expire at the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans.

On September 13, 2022, pursuant to its shareholder approved restricted share unit ("RSU") plan (the "RSU Plan"), the Company has granted 1,500,000 RSUs to a consultant of the Company, vesting immediately. The RSUs had a fair value of $270,000, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation during the period ended October 31, 2022.

During the three months ended October 31, 2023, the Company recorded $4,861 (October 31, 2022 - $287,500) of stock-based compensation relating to the number of vested RSUs.

As at October 31, 2023, 37,773 (July 31, 2023 - 37,773) restricted stock units were issued under the RSU plan.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options, warrants or RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

Net income per share

	Three months ended October 31, 2023 $	Three months ended October 31, 2022 $
Net income (loss) attributable to common shareholders	296,268	(2,349,024)
Basic weighted average number of common shares outstanding	1,985,764	1,653,710
Effect of dilutive securities:		
Stock options	-	-
Warrants	-	-
Diluted weighted average number of common shares outstanding	1,985,764	1,653,710
Basic net income (loss) per common share	0.15	(1.42)
Diluted income (loss) per common share	0.15	(1.42)

(Expressed in Canadian Dollars)

12. Related Parties

Related party balances

Amounts due to related parties:
The following amounts due to related parties are included in trade payables and accrued liabilities:

	October 31, 2023 $	July 31, 2023 $
Amounts owed to directors of the Company	30,042	89,808
	30,042	89,808

Related party transactions

During the three months ended October 31, 2023, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $15,750 (2022 - $87,250) to the Company's key management.

During the three months ended October 31, 2023, the Company also incurred stock-based compensation to key management personnel related to the vesting of granted options of $3,732 (2022 - $115,028).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

13. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

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

Level 3: Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at October 31, 2023 and July 31, 2023:

	As at October 31, 2023		
	Level 1 $	Level 2 $	Level 3 $
Cash and cash equivalents	65,852	-	-
Digital assets	-	21,951	-

(Expressed in Canadian Dollars)

13. Financial Risk and Capital Management (continued)

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	
Digital assets	-	21,951	-

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finance.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist solely of Ethereum. As of October 31, 2023, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $2,195.

(b) Financial risk management:

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at October 31, 2023, the Company has cash of $65,852 (July 31, 2023 - $46,979) and digital assets of $21,951 (July 31, 2023 - $21,951) available to apply against short-term business requirements and current liabilities of $4,203,279 (July 31, 2023 - $2,701,723).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at October 31, 2023, it is management's conclusion that the exposure to market risk is not material.

(Expressed in Canadian Dollars)

14. Segmented Information

At October 31, 2023, the Company operated in one geographic area and one operating segment. During the period ended October 31, 2022, Company operated within two geographic areas, Canada and Vietnam and had one operating segment, which is the design, development, and sale of exclusive Non-Fungible Tokens ("NFTs").

	Canada **$**	**Vietnam** **$**	**Total** **$**
Period ended October 31, 2023			
Revenue	651,586	-	651,586
Net Income	296,268	-	296,268
Period ended October 31, 2022			
Revenue	137,066	-	137,066
Net Loss	(2,302,398)	(46,626)	(2,349,024)
As at October 31, 2023			
Total non-current assets	254,150	-	254,150
As at July 31, 2023			
Total non-current assets	583,547	-	583,547

15. Capital Management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended October 31, 2023.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

16. Revenues

The Company's main source of revenue is the sale of digital goods to customers. The following is a break-down of revenues earned:

	Period ended October 31,	
	2023 **$**	2022 $
NFT sales	**651,586**	**-**
Design services income	**-**	137,066
	651,586	137,066

16. Revenues (continued)

Deferred Revenue

The Company receives payments based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. Deferred revenue consists of payments received from the Company's virtual land NFT sales in advance of revenue recognition. As of October 31, 2023, the aggregate amount of revenue allocated to unsatisfied performance obligations of $1,519,324 (July 31, 2023- $2,170,910) is included in deferred revenue.

Deferred Contract Costs

The Company defers contract costs that are direct and incremental to obtaining user contracts. At October 31, 2023, the Company had deferred $224,867 (July 31, 2023 - $321,240) of contract costs consisting of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These costs will be amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized.

17. Contingencies

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen against Looking Glass Labs Ltd. The claim is brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company and is brought under section 227 of the BC Business Corporations Act.

The Company intends to vigorously defend itself against the claim made. As set out in the Company's response to civil claim, it believes that the allegations are without merit.

18. Subsequent Events

On November 23, 2023, the Company closed a non-brokered private placement offering of issued 10,005,000 units at a price of $0.10 per Unit, for gross proceeds of $1,000,500 of which $35,000 was received in advance. Each Unit will consist of one common share in the capital of the Company and one common share purchase warrant. Each Warrant will entitle the holder thereof to purchase one additional Share of the Company at an exercise price of $0.10 for a period of two years from the closing date of the Offering.

Additionally on November 23, 2023, the Company issued 10,000,000 Units of the Company to arm's length creditors for outstanding promissory notes. Each Unit will consist of one common share in the capital of the Company and one common share purchase warrant. Each Warrant will entitle the holder thereof to purchase one additional Share of the Company at an exercise price of $0.10 for a period of two years from the closing date of the Offering.

Schedule "I"

Statement of Executive Compensation

METASPHERE LABS INC.
(the "Company")

Form 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION
For the fiscal year ended July 31, 2023

Introduction

The following information, dated as of June 19, 2024, is presented in accordance with Form 51- 102F6 – Statement of Executive Compensation ("**Form 51-102F6**"), and sets forth compensation provided to each Named Executive Officers (as defined below) and directors of the Company for, or in connection with, services they have provided to the Company during the financial year ending July 31, 2023.

Named Executive Officers

During the financial year ended July 31, 2023, the Company had the following Named Executive Officers ("**NEO**"), Dorian Bank (Former CEO), and Francis Rowe (CFO and Corporate Secretary).

"Named Executive Officer" means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

Overview

To achieve our organizational objectives, we aim to attract, engage and retain a team of professionally outstanding executive officers. It is our expectation that our executive officers hold strong leadership qualities, exhibit results-oriented management capabilities, and foster our culture, which is foundational to the growth and success of the Company.

Our executive officer compensation program is designed to achieve the following objectives:

- provide compensation packages which attract, motivate and retain our executive officers whose skills, experience and management capabilities are critical to our ongoing success;

- motivate our executive officers to achieve organizational objectives – growth, financial and cultural;

- align the interests of our executive officers with those of the Company's shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of the Company's business; and

- provide incentives that drive an appropriate level of innovation and risk taking so that the executive officer's efforts continue to move the business forward, for which they'll be rewarded for accordingly.

We will continue to evaluate our philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, we expect to be guided by our compensation philosophy and the objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

Definitions

"**CEO**" means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**closing market price**" means the price at which the Company's security was last sold as of the date hereof;

"**company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IRFS 2 *Share based Payment*;

"**external management company**" includes a subsidiary, affiliate or associate of the external management company;

"**incentive plan**" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period;

"**incentive plan award**" means compensation awarded, earned, paid, or payable under an incentive plan;

"**NEO**" or "**named executive officer**" means each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year;

"**option-based award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company’s three most recently completed financial years to the Company’s NEOs and directors for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof.

Director and Named Executive Officer Compensation Table

Table of compensation excluding compensation securities									
Name and principal position	**Year**	**Salary ($)**	**Share-based awards ($)**	**Option-based awards ($)**	**Non-equity incentive plan compensation ($)**		**Pension Value ($)**	**All other compensa-tion ($)**	**Total compensa-tion ($)**
					Annual incentive plans	Long-term incentive plans			
Natasha Ingram(1) CEO	2023 2022 2021	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Jared Gurfein(2) Former CEO	2023 2022 2021	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Armita Jalooli Director(3)	2023 2022 2021	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Guy Bourgeois Director(14)	2023 2022 2021	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
Dorian Banks (4) Former CEO	2023 2022 2021	96,000 86,667 -	25,000 20,500 -	58,235 79,144 -	- - -	- - -	- - -	- - -	179,235 186,311 -

Table of compensation excluding compensation securities									
Name and principal position	**Year**	**Salary ($)**	**Share-based awards ($)**	**Option-based awards ($)**	**Non-equity incentive plan compensation ($)**		**Pension Value ($)**	**All other compensa-tion ($)**	**Total compensa-tion ($)**
Francis Rowe [5] CFO and Corporate Secretary	2023 2022 2021	24,000 22,000 -	25,000 - -	- - -	- - -	- - -	- - -	- - -	49,000 22,000 -
Kevin Cornish [6][13] Director	2023 2022 2021	6,000 - -	- - -	- - -	- - -	- - -	- - -	- - -	6,000 - -
Lucas Stemshorn-Russell [7] Former Director	2023 2022 2021	5,250 - -	25,000 - -	- - -	- - -	- - -	- - -	- - -	30,250 - -
James Henning [8][13] Director	2023 2022 2021	- - -	25,000 - -	- - -	- - -	- - -	- - -	- - -	25,000 - -
Patrick O'Flaherty [9] Former Director	2023 2022 2021	14,250 15,000 -	29,731 6,806 -	22,457 28,775 -	- - -	- - -	- - -	- - -	66,438 50,581 -
Neil Stevenson-Moore [10] Former CPO	2023 2022 2021	140,667 164,250 -	- 20,500 -	14,219 79,146 -	- - -	- - -	- - -	- - -	154,886 263,896 -
Adam Deffett [11] Former Director	2023 2022 2021	- 52,500 -	4,731 104,181 -	5,285 34,542 -	- - -	- - -	- - -	- - -	10,016 191,223 -
Carl Chow [12] Former Director	2023 2022 2021	- - -	4,731 6,806 -	9,739 38,838 -	- - -	- - -	- - -	- - -	14,470 45,644 -
Khiet Nguyen [15] Former CCO	2023 2022 2021	- 73,500 -	- - -	(8,042) 57,663 -	- - -	- - -	- - -	- - -	(8,042) 131,163 -
Troy Grant [16] Former Director	2023 2022 2021	- - -	- - -	- 2,883 -	- - -	- - -	- - -	- - -	- 2,883 -

1. Mrs. Ingram was appointed as the CEO of the Company on February 23, 2024.
2. Mr. Gurfein was appointed as the CEO of the Company on December 18, 2023 and ceased being a director on February 23, 2024.
3. Ms. Jalooli was appointed as the director of the Company on October 17, 2023 and ceased being a director on June 13, 2024.
4. Mr. Banks was appointed as the CEO of the Company on August 25, 2021, and ceased to the director on December 18, 2023.

5. Mr. Rowe was appointed as the CFO and Corporate Secretary of the Company on August 25, 2021 and November 30, 2021, respectively.
6. Mr. Cornish was appointed as the director of the Company on May 23, 2023.
7. Mr. Stemshorn-Russell was appointed as a director of the Company on December 29, 2022, and ceased to be the director on October 17, 2023.
8. Mr. Henning was appointed as a director of the Company on January 25, 2023.
9. Mr. O'Flaherty was appointed as a director of the Company on October 12, 2021, and ceased to be the director on May 23, 2023.
10. Mr. Stevenson-Moore was appointed as a Chief Product Officer ("CPO") of the Company on November 9, 2021, and ceased to be the CPO on March 30, 2023.
11. Mr. Deffett was appointed as a director of the Company on September 15, 2021, and ceased to be the director on January 25, 2023.
12. Mr. Chow was appointed as a director of the Company on October 25, 2021, and ceased to be the director on December 29, 2022.
13. Member of Audit Committee.
14. Mr. Bourgeois was appointed as the Director of the Company on June 13, 2024.
15. Mr. Nguyen was appointed as the Chief Creative Officer ("CCO") of the Company on September 30, 2021 and ceased to be the CCO on May 26, 2022. The Company recorded a recovery of stock-based compensation expense for stock options that expired unvested in fiscal 2023.
16. Mr. Grant was appointed as a director of the Company on August 26, 2020, and ceased to be the director on October 17, 2021.

Compensation Discussion and Analysis

Compensation Objectives and Philosophy

Our compensation philosophy is guided by the principles of fairness, reasonableness and competitiveness. It is fundamentally designed to motive, retain and reward our executive officers for their performance, while recognizing their efforts over both the short and long term. The board of directors (the "**Board**") aims to compensate our executive officers through short-term and long-term cash and equity incentive programs, while aligning the interest of our executive officers with the interests of our shareholders through a significant equity-based component. In parallel, our compensation philosophy also aims to reward the achievement of corporate and individual performance targets, and to align our executive officer's compensation with the organization's performance. Our commitment to 'equal pay for equal work,' regardless of gender, is as important at the executive officer level, as it is throughout the organization, and remains a key tenet of our compensation philosophy.

Principal Elements of Compensation

The compensation of our executive officers includes three major elements: (i) base salary; (ii) short-term incentives, consisting of annual bonuses; and (iii) long-term equity incentives, consisting of options to acquire Shares ("**Options**") under the 2021 Stock Option and restricted share unit awards ("**RSUs**") under the 2021 RSU Plan, which plans the Shareholders approved on the Meeting dated January 4, 2022. Perquisites and personal benefits are not a significant element of compensation of our executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries for executive officers are established based on the scope of their responsibilities, competencies and their prior relevant experience, taking into account compensation paid in the market for similar positions and the market demand for such executive officers. An executive officer's base salary is determined by taking into consideration the executive officer's total compensation package and the Company's overall compensation philosophy.

Adjustments to base salaries will be determined periodically and may be increased based on factors such as the executive officer's success in meeting or exceeding individual objectives and an assessment of the competitiveness of the then current compensation. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions, other changes in the scope or breadth of an executive officer's role or responsibilities or for such other reasons as may be determined by the Board on the recommendation of our Compensation and Governance Committee from time to time.

Short-Term Incentive Compensation

Our NEOs and other executive officers are compensated with annual bonuses in relation to their respective employee function. Annual bonuses and commission plans are designed to motivate our executive officers to achieve our annual business objectives, including our annual financial performance targets. Bonuses will typically vary based on the performance of a number of factors, including individual performance combined with the Company's performance. Other factors include, but are not limited to, operational competence, human resource metrics and strategic contributions.

Long-Term Incentive Compensation

Equity-based awards are a variable element of compensation that allow us to incentivize and retain our executive officers for their sustained contributions to the Company. Equity awards reward performance and continued employment by an executive officer, with associated benefits to us of attracting and retaining employees. We believe that Options and RSUs provide executive officers with a strong link to long-term corporate performance and the creation of shareholder value. In connection with the grants of equity-based awards, the Compensation and Governance Committee will determine the grant size and terms to be recommended to the Board.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO and director of the Issuer during the year ended July 31, 2023 for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiaries:

Compensation Securities					
Name and position	**Type of compensation security**	**Number of compensation securities and number of underlying securities**[(1)]	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Expiry Date**
Dorian Banks[(2)] Former CEO	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	December 18, 2024
Arthur Francis Rowe CFO & Corporate Secretary	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	January 26, 2028
Patrick O'Flaherty [(3)] Former Director	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	May 23, 2024
James Henning Director	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	Jan 26, 2028
Lucas Stemshorn-Russell[(4)]	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	October 17, 2024

Notes:

1. The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.
2. Mr. Banks resigned as the CEO of the Company on December 18, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.
3. Mr. O'Flaherty resigned as the director of the Company on May 17, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.
4. Mr. Stemshorn-Russell resigned as the director of the Company on October 17, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.

Exercise of Compensation Securities by Directors and Named Executive Officers

No compensation securities were exercised by any director or NEO during the most recently completed financial year.

Employment, Consulting and Management Agreements

Management functions of the Company will not, to any substantial degree, be performed other than by directors or NEOs of the Company. There are currently no agreements or arrangements that provide for compensation to NEOs or directors of the Company, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or director's responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long-term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives. The key elements of the executive compensation program are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements of the total program should be considered, rather than any single element.

Independent directors of the Company are responsible for determining all forms of compensation, including long-term incentive in the form of Options, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and management, and for reviewing the recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

Independent directors periodically review the compensation paid to directors, officers, and management based on such factors as: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. The limited perquisites the Company provides its executives may include a parking allowance or a fee for each board or Audit Committee meeting attended, to assist with their out-of-pocket costs, such benefits and perquisites as set out, respectively, in the "Table of compensation excluding compensation securities" above.

Compensation Governance

Compensation-Setting Process

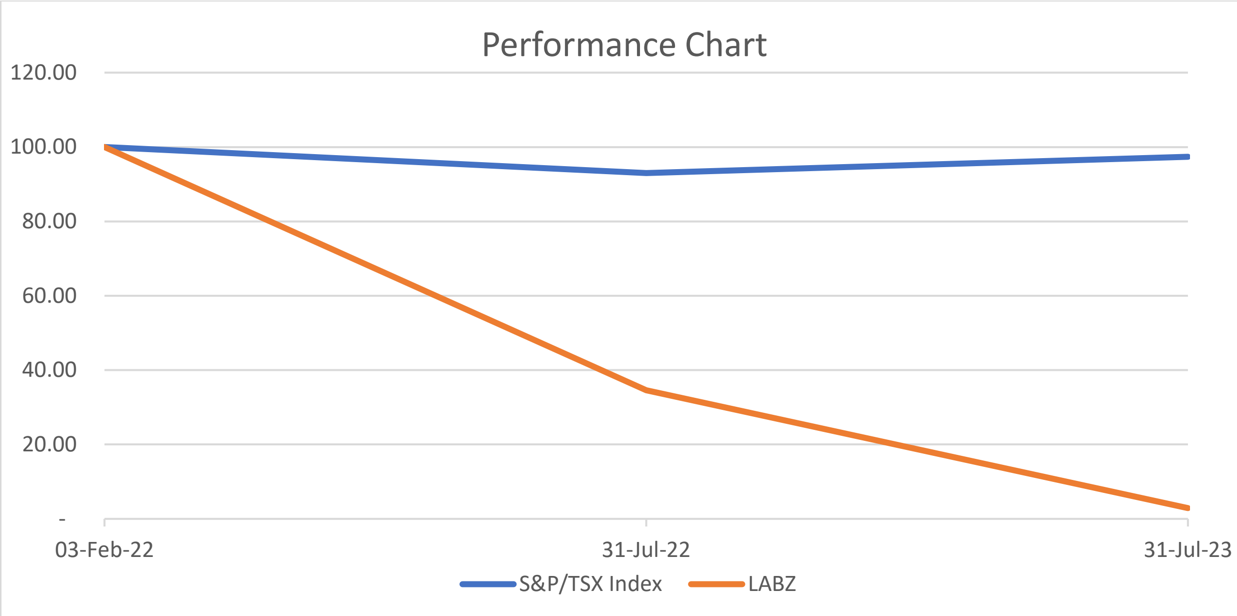
Independent directors of the Company are responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning, and compensation policies, processes and practices. Independent directors also ensures that compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards when compensating its NEOs, various other key executive officers and key managers to ensure it is fair and reasonable.

As part of the review of the compensation paid to our executives, the independent directors of the Company consider the potential risks associated with the structure and design of our various compensation plans. We found that our compensation programs do not encourage excessive or unnecessary risk-taking behavior. Overall, we found that there were no significant risks arising from the Company's executive compensation programs that were reasonably likely to have a material adverse effect on the Company. The Company strives to find an effective balance between short and long-term performance objectives, the Board has the ability to apply its discretion on base salary increases and for value, award mix and vesting of equity compensation, and equity awards generally vest over three years with a one-year cliff. All Company directors, officers and employees are prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of the Company's securities.

The compensation paid to our NEOs is summarized above under "*Summary Compensation Table*".

Performance Graph

The following graph compares the total Shareholder return on a $100 investment in the Company's shares to the same investment in the S&P/TSX Composite total return over the same period (assuming a $100 investment was made on February 3, 2022, and the reinvestment of all dividends into Common Shares of the Company). In 2022 and 2023, our shares underperformed the S&P/TSX Composite Total Index Return. The Company's shares commenced trading on the CBOE Canada on February 3, 2022.



	February 3, 2022	July 2022	July 2023
S&P/TSX Index	**$100**	**$92.99**	**$97.40**
Metasphere Labs Inc.	**$100**	**$34.62**	**$2.90**

Total Shareholder Return ("TSR") and its Relationship to Executive Compensation

When the Executive Compensation Committee determines overall executive compensation, it considers a number of factors and performance elements. Although TSR is one performance measure that is taken into consideration, it is not the only factor reviewed nor the only relevant consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

EQUITY COMPENSATION PLAN INFORMATION

Stock Option Plans

The Company's current stock option plan (the "**Stock Option Plan**") was adopted and approved by the Board on October 1, 2021 and approved by shareholders at an Annual General Meeting held on January 4, 2022. The Stock Option Plan provides that the Board or the Executive Compensation Committee as the delegated committee of the Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, non-transferrable options to purchase shares whereby the aggregate number of shares reserved for issuance, together with any other shares reserved for issuance under any other plan or agreement of the Company, shall not exceed twenty (20%) percent of the total number of the Company's issued and outstanding shares (calculated on a non-diluted basis) at the time an option is granted.

The exercise price or issue price, as applicable, of each Option issuance is determined by the Executive Compensation Committee, in accordance with the policies of the CBOE Canada, at the time such option is granted. The purpose of the Stock Option Plan is to, among other things, encourage common share ownership in the Company and to provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the common shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company. No financial assistance or support agreements were provided to participants by the Company or any related entity of the Company to facilitate the purchase of options as compensation or under the Stock Option Plan.

Options which are cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan. The award price of any Option must be determined at the time of grant in accordance with the procedure set out in Section 7.08(3) of the CBOE Listing Manual. Options granted under the Stock Option Plan may be exercised during a period as determined by the Executive Compensation Committee, provided that such period does not exceed 10 years, subject to earlier termination in accordance with the provisions of the Stock Option Plan. The Option awards are non-transferable. Subject to shareholder approval in certain circumstances, the Executive Compensation Committee may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. Amendment to the Stock Option Plan also requires the approval of the CBOE Canada.

At the end of the most recently completed financial year, the Company has 166,444 issued and outstanding Stock Options.

The material terms of the Stock Option Plan are as follows:

1. The term of any options granted under the Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.

2. The exercise price of any options granted under the Stock Option Plan will be determined by the Board, in its sole discretion, pursuant to the procedure set out in Section 7.08(3) of the CBOE Listing Manual.

3. The following provisions regarding vesting shall apply:

    a. Unless the Board determines otherwise, the Stock Option Plan provides that options will vest as to one-third following each of the first, second and third anniversaries of the date of such grant.

    b. Vesting of Options shall be at the discretion of the Board, and will generally be subject to the participant.

    c. Option certificates will disclose vesting conditions which are as specified by the Board.

    d. The vesting schedule shall be automatically and immediately accelerated such that all remaining Options will then be available for exercise upon the occurrence of a take over bid which is a formal bid, as those terms are defined under the Securities Act.

4. All options will be non-assignable and non-transferable.

5. The total number of options awarded to any one consultant in a 12-month period shall not exceed 2% of the issued and outstanding shares as at the grant date. The total number of options awarded

in any 12-month period to employees performing investor relations activities for the Company shall not exceed 2% of the issued and outstanding shares as at the grant date. There is no maximum number of options which may be issued to Related Persons of the Company.

6. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

The decision to grant options is made by the Board as a whole, and a grant is approved by directors' resolutions or at a meeting of the Board. Decisions address vesting, maximum term, number of options, exercise price and method of exercise. The Board shall in its sole discretion determine those Directors, executive officers, employees and consultants, if any, to whom Options are to be awarded.

RSU Plan

Pursuant to the current restricted share unit plan (the "**RSU Plan**"), adopted and approved by the Board on October 1, 2021 and approved by shareholders at an Annual General Meeting held on January 4, 2022, the Company may reserve up to a maximum of 20% of the issued and outstanding common shares at the time of grant pursuant to awards granted under the RSU Plan.

The RSU Plan provides for granting of RSUs for the purposes of advancing the interests of the Company through motivation, attraction and retention of employees, officers, consultants and directors by granting equity-based compensation incentives, in addition to the Company's Stock Option Plan.

RSUs granted pursuant to the RSU Plan will be used to compensate participants for their individual performance-based achievements and are intended to supplement Option awards in this respect, the goal of such grants is to more closely tie awards to individual performance based on established performance criteria.

The Plans have been used to provide Options and RSU's which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of Options or RSU's to be granted to the executive officers, the Compensation Committee with consultation of the Board takes into account the number of Options or RSU's, if any, previously granted to each executive officer, and the exercise price of any outstanding Options to ensure that such grants are in accordance with the policies of the CBOE Canada and closely align the interests of the executive officers with the interests of shareholders.