COGNETIVITY NEUROSCIENCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended July 31, 2022 and 2021

(EXPRESSED IN CANADIAN DOLLAR)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Cognetivity Neurosciences Ltd. for the six months ended July 31, 2022, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim financial statements by an entity's auditor.

Cognetivity Neurosciences Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**Note**	**July 31, 2022**	**January 31, 2022**
		$	**$**
ASSETS			
Current			
Cash		61,225	1,377,039
Interest and tax receivable		159,710	210,292
Loan receivable	**5**	225,548	221,476
Prepaids		40,237	47,303
Total Current Assets		486,720	1,856,110
Equipment	**6**	71,499	63,395
Intangible assets	**7**	113,968	85,325
TOTAL ASSETS		672,187	2,004,830
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		2,514,450	1,753,793
Loan payable	**8**	150,616	-
Deferred revenue		15,999	-
Due to related parties	**10**	100,417	2,360,787
Share to be issued	**13**	51,601	146,020
Loan Facility	**11**	-	1,294,608
		2,833,083	5,555,208
Non-Current Liabilities			
Due to related parties	**10**	2,125,000	2,125,000
Loan Facility	**11**	1,220,429	-
Total Liabilities		6,178,512	7,680,208
SHAREHOLDERS' EQUITY			
Common shares	**9**	15,685,372	12,879,760
Reserves	**9**	5,523,120	5,393,046
Deficit		(27,038,838)	(23,964,858)
Accumulative other comprehensive income (loss)		324,021	16,674
Total Shareholders' Equity (Deficiency)		(5,506,325)	(5,675,378)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		672,187	2,004,830

Nature of operations and going concern (Note 1)
Subsequent Event (Note 19)

Approved on Behalf of the Board of Directors on September 29, 2022:

"Sina Habibi" Director
Sina Habibi

"David Velisek" Director
David Velisek

The accompanying notes are integral to these consolidated financial statements.

Cognetivity Neurosciences Ltd.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
		$	$	$	$
Expenses					
Accretion expenses	8	21,783	5,705	44,100	11,226
Consulting fees		227,236	151,773	561,850	322,705
Depreciation	7	6,776	5,294	13,253	10,084
Foreign exchange loss (gain)		(5,066)	261	(17,519)	445
General and administration		122,427	46,126	178,763	71,650
Marketing and advertising		94,281	144,142	334,203	413,444
Professional fees		83,737	101,860	139,440	120,007
Rent		10,947	(25,559)	59,919	6,176
Research and development		140,569	173,466	250,626	303,234
Salaries and benefits		827,297	409,942	1,500,406	723,126
Share-based payment	9	170,859	52,115	100,076	93,394
Transfer agent and regulatory		27,564	12,209	44,241	23,662
Travel		15,243	2,856	34,944	5,038
		(1,743,653)	(1,080,190)	(3,244,302)	(2,104,191)
Other Income (Expense)					
Interest income (expense)		1,454	(5,381)	3,459	(7,729)
Other income (expense)	12	152,805	60,776	166,863	210,508
Net Loss		(1,589,394)	(1,024,795)	(3,073,980)	(1,901,412)
Other Comprehensive Loss (Income)					
Items that will be reclassified subsequently to loss (income)					
Unrealized gain (loss) on foreign exchange translation		105,787	(14,281)	307,347	(716)
Comprehensive Loss		(1,483,607)	(1,039,076)	(2,766,633)	(1,902,128)
Basic and diluted loss per common share		(0.02)	(0.02)	(0.04)	(0.03)
Weighted average number of common shares outstanding – Basic and diluted		79,402,556	60,359,781	73,057,477	70,720,605

The accompanying notes are integral to these consolidated financial statements

Cognetivity Neurosciences Ltd.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Common Share						
	Number of Shares		Equity Portion of Convertible Debentures	Reserves	AOCI	Deficit	Shareholders' Equity (Deficiency)
	#	$	$	$	$	$	$
Balance - January 31, 2021	70,487,707	9,873,571	34,851	1,821,894	(29,874)	(10,837,531)	862,911
Shares issued from warrant exercised	650,406	223,609	-	(14,699)	-	-	208,909
Shares issued from option exercised	250,000	129,938	-	(58,438)	-	-	71,500
Shares issued for services	115,132	75,000	-	0	-	-	75,000
Stock options granted and vested	-	-	-	82,589	-	-	82,589
Issuance of restricted share units	-	-	-	10,805	-	-	10,805
Net loss and comprehensive loss for the period	-	-	-	0	(716)	(1,901,412)	(1,902,128)
Balance - July 31, 2021	71,503,245	10,302,118	34,851	1,842,151	(30,590)	(12,738,943)	(590,413)
Balance - January 31, 2022	79,402,556	12,879,760	-	5,393,046	16,674	(23,964,858)	(5,675,378)
Shares issued from private placement, net of share issuance costs	4,812,416	2,454,332	-	192,498	-	-	2,646,830
Shares issued from debt settlement	64,550	20,576	-	-	-	-	20,576
Shares issued for services	469,656	168,204	-	-	-	-	168,204
Stock options granted and vested	-	-	-	100,684	-	-	100,684
Conversion of restricted share units to Common shares	300,000	162,500	-	(162,500)	-	-	-
Issuance of restricted share units	-	-	-	(608)	-	-	(608)
Net loss and comprehensive loss for the period	-	-	-	-	307,347	(3,073,980)	(2,766,633)
Balance - July 31, 2022	85,049,178	15,685,372	-	5,523,120	324,021	(27,038,838)	(5,506,325)

The accompanying notes are integral to consolidated financial statements

Cognetivity Neurosciences Ltd.
Consolidated Statements of Cash Flows
For the Periods July 31,
(Expressed in Canadian dollars)

	For the Periods Ended July 31, 2022 $	2021 $
Net loss for the period	(3,073,980)	(1,901,412)
Non-cash items:		
Accretion expense	44,103	11,226
Depreciation	13,250	10,084
Shares-based payment	100,076	93,394
Shares issued for services	1,705	71,892
Foreign exchange gain or loss	(108,136)	(4,110)
Changes in non-cash operating working capital:		
Other receivable	33,110	(131,792)
Prepaids	4,445	115,834
Accounts payable and accrued liabilities	888,053	220,919
Deferred revenue	16,559	-
Due to related parties	(1,958,753)	8,550
Net cash used in operating activities	(4,039,568)	(1,505,415)
Cash flows from investing activities:		
Acquisition of equipment	(24,497)	(16,514)
Acquisition of patents	(37,134)	(31,362)
Development cost	-	(130,398)
Net cash provided (used) by investing activities	(61,631)	(178,274)
Cash flows from financing activities:		
Proceeds from loan facility	(10,964)	568,348
Proceeds from private placement, net issuance costs	2,646,829	-
Proceeds from warrants exercised	-	208,910
Proceeds from options exercised	-	71,500
Proceeds from loan payable	150,616	0
Net cash provided by financing activities	2,786,481	848,758
Effect of foreign exchange on cash	(1,096)	304
Net increase in cash	(1,315,814)	(834,627)
Cash, beginning of the period	1,377,039	1,359,851
Cash, end of the period	61,225	525,224

Non-cash financing and investing activities (Note 14)

The accompanying notes are integral to these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Cognetivity Neurosciences Ltd. (the "Company") was incorporated on December 11, 2015 under the laws of British Columbia, Canada. Its head office is located at Suite 2250, 1055 West Hastings Street, Vancouver BC, V6E 2E9, Canada and registered office is located at Suite 1500, 1055 W. Georgia St., Vancouver, BC, V6E 4N7, Canada. The Company is a technology company developing a cognitive testing platform, the Integrated Cognitive Assessment (ICA), for use in medical and commercial environments for potentially allowing early diagnosis of dementia.

The Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") on March 19, 2018 under the stock symbol "CGN". The Company also commenced trading on the Frankfurt Stock Exchange in Germany under the stock symbol "IUB" and the OTCQB in USA under the stock symbol "CGNSF" on May 3, 2018 and September 4, 2018 respectively.

These consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

Going Concern & Impact of COVID-19

The Company's operations have been adversely affected by the effects of a widespread global outbreak of the recent outbreak of respiratory illness caused by COVID-19. As of July 31, 2022, the Company has not noted any significant impairment as a result of COVID-19. The uncertain future impact of COVID-19 could generate. As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's consolidated financial condition, operations and consolidated financial results are subject to significant uncertainty.

The development of the Company's business may take years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On July 31, 2022, the Company has not yet achieved profitable operations, has an accumulated deficit of $27,038,838 (January 31, 2022 - $23,964,858), and working capital deficiency of $2,346,363 (January 31, 2022 – $3,699,098), and expects to incur losses in the development of its business. Accordingly, there is a material uncertainty that may cast significant doubt on Company's ability to continue as going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing and ultimately develop profitable operations.

These consolidated financial statements do not reflect any adjustments, which could be material, to the carrying amounts of assets and liabilities, reported expenses, and balance sheet classification used, that would be necessary if the Company were unable to continue as a going concern.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, Interim Condensed Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") on a basis consistent with the significant accounting policies disclosed in note 2 of the most recent annual financial statements as at and for the year ended January 31, 2022 as filed on SEDAR at www.sedar.com. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on September 29, 2022.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a. Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated

The Company had the following wholly owned subsidiaries:

Entity	Country of incorporation/ Principal place of business	Ownership July 31, 2022	Ownership January 31, 2022	Principal activities
Cognetivity Ltd. ("Cog UK")	United Kingdom	100%	100%	Operational centre
Cognetivity FZ-LLC. ("Cog Dubai")	Dubai	100%[1]	100%	Sales centre

(1) Owned through Cog UK

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar ("C$"). Cognetivity Ltd is the British Pounds ("GBP") and Cognetivity FZ-LLC. is the Utd. Arab Emir. Dirham ("AED"). The reporting currency of the Company is Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except for the exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

c. Cash

Cash consists of cash on deposit in Canadian and UK banks and are subject to negligible risk of changes in value.

As at July 31, 2022, the Company had cash of $61,225 (January 31, 2022-$1,377,039) of which $49,946 (January 31, 2022 - $1,362,912) was placed with bank in Canada and $11,278 (January 31, 2022 -$14,127) was placed with bank in UK.

d. Equipment

Equipment is stated at cost less accumulated amortization and any accumulated impairment losses. The cost of equipment includes the acquisition costs and any direct costs to bring the asset into productive use at its intended location.

Amortization of equipment is calculated using the straight-line method to write-off the cost, net of any estimated residual value, over their estimated useful life as follows:

Computer equipment	5 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Intangible assets

Intangible assets include related costs incurred for acquiring patents and trademarks. Intangible assets are carried at cost less accumulated amortization. The Company amortizes its intangible assets using the straight-line method over their estimated useful lives, as follows:

	Method	useful lives
Patents	straight-line	13 years
Trademark	straight-line	10 years

Intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired.

f. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

g. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the Consolidated Statements of Operations and Comprehensive Loss.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

R&D tax credits are recorded as a reduction of the related research and development expenditures upon receipts from the tax authority in the UK. These non-repayable R&D tax credits are earned in respect to research and development costs incurred in the UK and are recorded as a reduction of the related research and development expenditures, provided that there is reasonable assurance that the credit will be recovered.

h. Financial instruments

(i) Classification

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

(i) Classification (continued)

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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.

The following table shows the classification of the Company's financial instruments:

Financial assets	**Classification**
Cash	Amortized cost
Interest receivable	Amortized cost
Loan receivable	Amortized cost
Due from related parties	Amortized cost

Financial liabilities	**Classification**
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Due to related parties	Amortized cost
Loan facility	Amortized cost
Shares to be issued	FVTPL

(ii) Measurement

Financial assets and liabilities at amortized cost

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 instruments at fair value

Financial instruments are initially and subsequently measured at fair value. Transaction costs are accounted for in the consolidated statements of operations and comprehensive loss. When the Company elects to measure a financial liability at FVTPL, gains or losses related to the Company's own credit risk are accounted for in the consolidated statements of operations and comprehensive loss.

(iii) Impairment of financial assets

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 twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Operations and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Share capital

Common shares, Class B Shares, and special warrants are classified as equity. Transaction costs directly attributable to the issuance of common shares, Class B Shares and special warrants are recognized as a deduction from equity.

j. Share-based payments transactions

The Company's stock-based compensation includes grants of stock options and restricted share units ("RSUs"). The stock option plan allows Company directors, officers, employees and consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and the share-based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period.

The Company accounts for RSUs issued to employees and non-employees (consultants and advisory board members) based on the fair market value of the Company's common stock as of the date of issuance.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

k. Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants other than the special warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the common shares. If the proceeds from the offering are less than or equal to the estimated fair market value of common shares issued, a nil carrying amount is assigned to the warrants.

l. Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of operation and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m. Government grant

Government grant is recognized when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Government grant is recognized in profit or loss to offset the corresponding expenses on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

n. Loss per share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

o. Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on FVTOCI, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss is presented in the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Changes in Equity.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

a. Key sources of estimation uncertainty

Recoverability of deferred tax assets

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Fair value calculation of share-based payments

The fair value of share-based payments in relation to the reverse takeover is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

Fair value calculation of liability portion of convertible debentures

The Company applied judgment and estimates when determining the fair value of its convertible debenture (see Note 8).

b. Critical judgments in applying accounting policies

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended January 31, 2021. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing.

As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its access to replacement financing for the future twelve months.

5. LOAN REIVABLES

On September 26, 2021, the Company entered into a promissory note ("Loan") with, Sina Habibi, the CEO and director of the Company ("Borrower"). The Company loan to Borrower for a total amount of $219,000 with maturity of March 26, 2022 ("Due Date") at an interest rate of 3.75% per annum, calculated and compounded monthly in arrears, and payable at the expiry of the term.

The Loan will be secured by way of a hypothecation of 1,457,449 common shares of the Company, registered in the name of Sina Habibi's spouse, with authority and direction hereby to sell such number of shares to satisfy repayment of the Loan plus the interest rate in the event of default by the Borrower.

This Note may be paid in advance of the Due Date in whole or in part at any time without premium or penalty.

On May 12, 2022, the Company and Borrower signed amended promissory note agreement ("Agreement"). Per the Agreement, the due date of the Loan will be extended until June 26, 2022.

As at July 31, 2022, the Company has accrued interest of $6,930 (July 31, 2021-$nil) on the outstanding balance included in loan receivable.

(Expressed in Canadian dollars)

6. EQUIPMENT

Cost	$
As at January 31, 2021	70,593
Additions	40,868
Disposal	(3,965)
Effect of change in exchange rate with GBP	(2,066)
As at January 31, 2022	105,430
Additions	23,992
Effect of change in exchange rate with GBP	(8,648)
As at July 31, 2022	120,774
Accumulated depreciation	
As at January 31, 2021	26,178
Additions	17,856
Disposal	(1,209)
Effect of change in exchange rate with GBP	(790)
As at January 31, 2022	42,035
Additions	11,072
Effect of change in exchange rate with GBP	(3,832)
As at July 31, 2022	49,275
Net book value	
January 31, 2022	63,395
July 31, 2022	71,499

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

	Patents	Trademarks	Total
Cost	$	$	$
As at January 31, 2021	32,179	-	32,179
Additions	7,113	53,941	61,054
Effect of change in exchange rate with GBP	(867)	(420)	(1,287)
As at January 31, 2022	38,425	53,521	91,946
Additions	37,134	-	37,134
Effect of change in exchange rate with GBP	(4,409)	4,390	(19)
As at July 31, 2022	71,149	49,131	120,280
Accumulated depreciation			
As at January 31, 2021	-	-	-
Additions	3,255	3,419	6,674
Effect of change in exchange rate with GBP	(26)	(27)	(53)
As at January 31, 2022	3,229	3,392	6,621
Additions	660	1,517	2,177
Effect of change in exchange rate with GBP	(2,157)	(329)	(2,486)
As at July 31, 2022	1,732	4,580	6,312
Net book value			
January 31, 2022	35,196	50,129	85,325
July 31, 2022	69,417	44,551	113,968

8. LOAN PAYABLE

On July 6, 2022, the Company entered into an Laon Agreement (the " Agreement") with Baron Global Financial Canada Ltd. (the " Lender"). Under the terms of the Agreement, the Lender provided the Company with a loan of $150,000, bearing interest at 6% per annum. Which will be matured at the earliest of the first closing of fundings and July 5th, 2023. During the period ended July 31, 2022, the Company accrued interest of $616 (July 31, 2021- $nil) on this loan. As at July 31, 2022, the total amount owing is $150,616 (January 31, 2022 - $nil).

9. SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited Class B Shares without par value

The holders of the Class B Shares are not entitled to receive notice of and to attend any meeting of the shareholders of Cognetivity or to vote on any matter at any meetings of shareholders of Cognetivity.

The holders of Class B Shares are not entitled to receive dividends. The holders of the Class B Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Company's shareholders for the purpose of winding up its affairs, to share rateably, together with the holders of common shares in such assets of Cognetivity as are available for distribution.

9. SHARE CAPITAL (continued)

Each Class B Share shall automatically convert into one common share, without payment of additional consideration, upon Cognetivity attaining the CE Marketing approval for the cognitive assessment tool kit as a medical device.

All Class B Shares are not subject to any pre-emptive rights, retraction 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. The Class B Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the common shares are adjusted proportionately.

A. Issued shares

During the period ended July 31, 2022:

a) On February 11, 2022, the Company completed the second tranche of non-brokered private placement of 1,999,626 units at a price of $0.55 per Unit for gross proceeds of $1,099,794. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $0.85 until February 11, 2025. The fair values of warrants issued pursuant to the private placement financings have been estimated at the issue date using the residual method valuation. Given the market price of the Company’s common shares on the date of closing of the private placements was less than the unit offering price, the residual value assigned to the warrants is $79,985.

b) On February 24, 2022, further to completed the first and second tranche non-brokered private placement, the Company completed the third tranche of non-brokered private placement of 2,812,790 units at a price of $0.55 per Unit for gross proceeds of $1,547,035. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $0.85 until February 24, 2025. The fair values of warrants issued pursuant to the private placement financings have been estimated at the issue date using the residual method valuation. Given the market price of the Company’s common shares on the date of closing of the private placements was less than the unit offering price, the residual value assigned to the warrants is $112,512.

c) On March 1, 2022, the Company issued 106,656 common shares to a consultant for services provided to the Company for an amount of $56,528.

d) On April 19, 2022, the Company issued 111,000 common shares to a consultant for services provided to the Company for an amount of $36,075.

e) On April 19, 2022, the Company issued an aggregate of 48,462 common shares in the capital of the Company at a deemed price of $0.325 per share to settle a debt.

f) On April 19, 2022, as a result of the conversion of RSU, the Company issued 300,000 common shares. In relation to the conversion of RSU, the fair value of $162,500 was allocated from reserves.

g) On June 17, 2022, the Company issued 252,000 common shares to a consultant for services provided to the Company for an amount of $75,600.

9. SHARE CAPITAL (continued)

A. Issued shares (continued)

h) On June 17, 2022, the Company issued an aggregate of 16,088 common shares in the capital of the Company to an arm's leat a deemed price of $0.30 per share to settle a debt.

During the year ended January 31, 2022

i) On March 24, 2021, the Company issued 115,132 common shares to a consultant for services provided to the Company for an amount of $85,198.

j) On October 8, 2021, the Company issued 117,500 common shares to a consultant for services provided to the Company for an amount of $79,900.

k) On November 4, 2021, the Company issued 220,000 common shares to a consultant for services provided to the Company for an amount of $140,800.

l) On January 28, 2022, the Company completed a non-brokered private placement of 2,416,181 units at a price of $0.55 per Unit for gross proceeds of $1,328,900. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $0.85 until January 28, 2025. The fair values of warrants issued pursuant to the private placement financings have been estimated at the issue date using the residual method valuation. Given the market price of the Company's common shares on the date of closing of the private placements was less than the unit offering price, the residual value assigned to the warrants is $120,809.

   In connection with the private placement, the Company has paid finders' fees equal to $55,363 in cash and issued 100,660 non-transferrable warrants. Each warrant has the same terms as the warrants issued in the private placement (see Note 9B)

m) During the year ended January 31, 2022, 50,000 stock options were exercised at $0.43 each for a total of $21,500. In relation to the exercise of the stock option, the fair value of $16,818 was allocated from reserves.

n) During the year ended January 31, 2022, 550,000 stock options were exercised at $0.25 each for a total of $137,500. In relation to the exercise of the stock option, the fair value of $114,455 was allocated from reserves.

o) During the year ended January 31, 2022, 150,000 stock options were exercised at $0.41 each for a total of $61,500. In relation to the exercise of the stock option, the fair value of $40,215 was allocated from reserves.

p) During the year ended January 31, 2022, 705,953 warrants were exercised at $0.25 each for a total of $176,488. In relation to the exercise of the warrants, the proportionate fair value of $11,228 was allocated from reserves.

9. SHARE CAPITAL (continued)

A. Issued shares (continued)

q) During the year ended January 31, 2022, 423,057 warrants were exercised at $0.40 each for a total of $169,223. In relation to the exercise of the warrants, the proportionate fair value of $33,135 was allocated from reserves.

r) During the year ended January 31, 2022, 726,064 warrants were exercised at $0.30 each for a total of $217,819. In relation to the exercise of the warrants, the proportionate fair value of $nil was allocated from reserves.

s) During the year ended January 31, 2022, 1,457,449 warrants were exercised at $0.15 each for a total of $218,617. In relation to the exercise of the warrants, the proportionate fair value of $nil was allocated from reserves.

t) On August 9, 2021, as a result of the conversion of convertible debentures, the Company issued 526,064 Units which each Unit include one common share and one warrant (see Note 8a).

u) On August 31, 2021, as a result of the conversion of convertible debentures, the Company issued 1,457,449 Units which each Unit include one common share and one warrant (see Note 8b).

B. Warrants

Issued during the period ended July 31, 2022:

a) On February 11, 2022, as part of the private placement, the Company issued 999,813 warrants which were valued at $79,985 (see Note 9A).

b) On February 24, 2022, as part of the private placement, the Company issued 1,406,396 warrants which were valued at $112,512 (see Note 9A).

Issued during the year ended January 31, 2022:

c) On January 28, 2022, as part of the private placement, the Company issued 1,208,091 warrants which were valued at $120,809 (see Note 9A).

The Company issued 100,660 non-transferrable broker's warrants with the same terms as the warrants as finder's fees. The broker's warrants were valued at $32,030 using the Black-Scholes Option Pricing Model with the following assumption at the issue date: risk free interest rate of 1.4%; dividend yield of 0%; expected volatility of 123.12% and expected life of 3 years.

b) On August 9, 2021, as a result of the conversion of convertible debentures, the Company issued 526,064 Units which each Unit include one common share and one warrant (see Note 8a).

c) On August 31, 2021, as a result of the conversion of convertible debentures, the Company issued 1,457,449 Units which each Unit include one common share and one warrant (see Note 8b).

The following table reflects the continuity of warrants for the years ended July 31, 2022 and January 31, 2022:

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

B. Warrants (continued)

	July 31, 2022		January 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Warrants outstanding, beginning of the year	5,900,503	$0.50	5,948,945	0.38
Issued	2,406,209	0.85	3,292,264	0.45
Exercised (Note 9A)	-	-	(3,312,523)	0.24
Expired	-	-	(28,183)	0.28
Warrants outstanding, end of the period	8,306,712	$0.60	5,900,503	$0.50

The warrants outstanding at July 31, 2022 are as follows:

Number Outstanding	Exercise Price	Grant Date	Expiry Date
4,591,752	$0.40	December 22, 2020	December 22, 2022
1,308,751	$0.85	January 28, 2022	January 28, 2025
999,813	$0.85	February 11, 2022	February 11, 2025
1,406,396	$0.85	February 24, 2022	February 24, 2025

C. Options

The Company has adopted a Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

The continuity of stock options for the years ended July 31, 2022 and January 31, 2021 is as follows:

	July 31, 2022		**January 31, 2021**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Options outstanding, beginning	5,448,000	0.33	4,618,000	0.26
Granted	542,300	0.51	1,630,000	0.68
Cancelled	-	-	(50,000)	0.39
Exercised (Note 9A)	-	-	(750,000)	0.29
Options outstanding, ending	5,990,300	0.40	5,448,000	0.33
Options exercisable, ending	4,374,667	0.31	4,334,667	0.31

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

C. Options (continued)

The options outstanding at July 31, 2022 are as follows:

Number of Options Outstanding	Exercise Price $	Grant Date	Expiry Date
3,050,000	0.25	March 19, 2018	March 19, 2023
50,000	0.43	June 22, 2018	June 22, 2023
100,000	0.41	December 11, 2018	December 11, 2023
100,000	0.21	February 14, 2020	February 14, 2025
518,000	0.285	October 5, 2020	October 5, 2025
80,000	0.84	March 1, 2021	March 1, 2026
1,550,000	0.67	October 12, 2021	October 12, 2026
497,300	0.53	March 1, 2022	March 1, 2027
20,000	0.33	April 19, 2022	April 19, 2027
25,000	0.23	June 14, 2022	June 14, 2022

a) On March 1, 2022, the Company granted 497,300 common share purchase options exercisable at $0.53 per share expiring in five years to employees of the Company. 50% of the options will vest on March 1, 2023 and reminder 50% on March 1, 2024. Company valued the options using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 1.43%; dividend yield of 0%; expected volatility of 117.85%; and expected option life of 4 years. During the period ended July 31, 2022, the Company recorded a total share-based payment amount of $62,815.

b) On April 19, 2022, the Company granted 20,000 common share purchase options exercisable at $0.33 per share expiring in five years to employees of the Company. 50% of the options will vest on April 19, 2023 and reminder 50% on April 19, 2024. Company valued the options using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 2.67%; dividend yield of 0%; expected volatility of 118.88%; and expected option life of 4 years. During the period ended July 31, 2022, the Company recorded a total share-based payment amount of $1,055.

c) On June 14, 2022, the Company granted 25,000 common share purchase options exercisable at $0.23 per share expiring in five years to employees of the Company. 50% of the options will vest on June 14, 2023 and reminder 50% on June 14, 2024. Company valued the options using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 3.54%; dividend yield of 0%; expected volatility of 119.47%; and expected option life of 4 years. During the period ended July 31, 2022, the Company recorded a total share-based payment amount of $429.

9. SHARE CAPITAL (continued)

C. Options (continued)

d) On October 12, 2021, the Company granted 1,550,000 common share purchase options exercisable at $0.67 per share expiring in five years to employees and consultants of the Company. 1/3 of the options will vest immediately and 1/3 on each annual anniversary thereafter. Company valued the options using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 1.24%-1.56%; dividend yield of 0%; expected volatility of 123.75%; and expected option life of 5 years. As at July 31, 2022, the Company recorded a total share-based payment amount of $598,365.

e) On March 1, 2021, the Company granted 80,000 common share purchase options exercisable at $0.84 per share expiring in five years to employees of the Company. 50% of the options will vest and become exercisable on March 1, 2022 and reminder 50% on March 1, 2023. Company valued the options using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 0.81%; dividend yield of 0%; expected volatility of 126.75%; and expected option life of 5 years. As at July 31, 2022, the Company recorded a total share-based payment amount of $48,462.

D. Restricted share units

The Company approved the implementation of a restricted share units (the “RSU”) plan on May 21, 2019, which RSU is designed to provide certain directors, officers, consultants and other key employees of the Company and its related entities with the opportunity to acquire restricted share of the Company. RSU may be exercised by any holder of RSU to receive an award payout of either: (a) one common share of the Company for each whole vested RSU; or (b) a cash amount equal to the defined date value of such vested RSU.

On March 1, 2022, the Company granted 50,000 RSUs to a consultant of the Company, in which 50,000 RSUs can be converted into common shares immediately and will expire on September 30, 2025. As at July 31, 2022, the Company recorded a total share-based payment amount of $11,036.

On November 4, 2021, the Company granted 800,000 RSUs to an officer and director of the Company, in which 800,000 RSUs can be converted into common shares immediately and will expire on September 30, 2024. The Company recorded a total share-based payment amount of $552,000.

On October 12, 2021, the Company granted 3,200,000 RSUs to the directors and officers of the Company, in which 3,200,000 RSUs can be converted into common shares immediately and will expire on September 30, 2024. The Company recorded a total share-based payment amount of $2,240,000.

On October 12, 2021, the Company granted 300,000 RSUs to a director and consultants of the Company, in which 300,000 RSUs can be converted into common shares on February 12, 2022 and will expire on September 30, 2024. The Company recorded a total share-based payment amount of $162,500. On April 19, 2022, 300,000 RSUs has been fully converted (see note 19h).

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

D. Restricted share units (continued)

The continuity of RSU for the years ended July 31, 2022 and January 31, 2022 is as follows:

	Number of RSU's
Outstanding, January 31, 2021	332,000
Granted	4,300,000
Outstanding, January 31, 2022	4,632,000
Granted	50,000
Converted	(300,000)
Outstanding, July 31, 2022	4,382,000
Exercisable, July 31, 2022	4,000,000

10. RELATED PARTY TRANSACTIONS

(a) During the years ended July 31, 2022 and 2021, the Company incurred the following expenses to related parties:

		2022		2021
Consulting fees – CEO and a director	$	121,800	$	103,830
Salaries and wages – CMO and a director		97,440		77,530
Salaries and wages – CSO		97,440		58,145
Consulting fees – Director		-		38,820
Consulting fees – COO, CFO and a director		97,440		77,530
Stock based compensation		82,121		-
	$	496,241	$	355,855

(1) During the year ended January 31, 2022, the Company entered Long Term Incentive Plan ("Plan") with the key management personnel. The board of the Company, in its sole discretion, may from time to time grant awards base on the performance criteria. The awards including:

- a cash bonus;
- if the participant exercises the option upon vesting of the grant, shares of the Company.

Each award will be subject to the terms and conditions of the Plan and such other terms and conditions as the Board may prescribe including, without limitation, eligibility conditions based on performance milestones, anniversary dates or the occurrence of certain events.

During the period ended July 31, 2022 and January 31, 2022, the Company grant $2,125,000 cash bonus ("First Performance Bonus") to the key management personnel. The key management personnel signed a deferral letter with the Company and agreed to defer the payment of the First Performance Bonus to the date not earlier than April 30, 2023, which may be paid at any time in cash or common shares at the election of the Company.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

(b) As at July 31, 2022 and January 31, 2022, the Company has the following balance owing to (due from) related parties:

	July 31, 2022 $	January 31, 2022 $
CEO and a director (i)	641,336	1,288,204
CMO and a director (ii)	493,519	1,007,042
CSO (ii)	495,126	1,005,211
Director	35,141	38,281
COO, CFO and a director (ii)	560,294	1,147,049
	2,225,416	4,485,787

(i) As at July 31, 2022, $625,000 bonus payable has been reclassify to long term liability.
(ii) As at July 31, 2022, $500,000 bonus payable has been reclassify to long term liability.

Due to/from related parties are unsecured, non-interest bearing, and due on demand with no specific terms of repayment except those included in (i) and (ii) above.

(c) On September 26, 2021, the Company entered a promissory note (Loan) with the CEO and Director of the Company. The Company loan to him for a total amount of $218,617 with maturity to March 26, 2022 at an interest rate of 3.75% per annum, calculated and compounded monthly in arrears, and payable at the expiry of the term. The Loan will be secured by way of a hypothecation of 1,457,449 common shares of the Company, registered in the name of Sina Habibi's spouse, with authority and direction hereby to sell such number of shares to satisfy repayment of the Loan plus the interest rate in the event of default by him (see Note 5).

11. LOAN FACILITY

During the year ended January 31, 2022, Cog UK entered into a Innovation Continuity Loan Agreement ("Agreement") with Innovate UK ("Lender") for a Sterling term loan facility (the "Facility") of up to £740,000 (CAD $1.28m) to support the Company in its product development and commercialization activities through the coming year. The Company has previously received grant funding through the UK Government Innovate UK program, and this new facility will be made available through Innovate UK's Innovation Continuity Loans scheme.

The loan itself allows drawdowns throughout 2021 in an initial availability period of 12 months, followed by a 24 month extension period and a 36 months repayment period. The interest rate for the duration of the Loan Agreement is 7.4% per annum, during the availability and extension period, a deferred interest rate of 3.7% per annum is applied. The current portion of interest based on the remaining interest rate of 3.7% per annum will need to be paid in each year the 3,6,9 and 12 calendar month anniversaries of the first drawdown under the Loan Agreement. Once the extension period has ended, the deferred interest is added to the amount of the principal loan that is outstanding and then interest accrues daily on this total at a rate of 7.4% per annum. The final repayment date is on the date 72 months from and including the date of the Loan Agreement, which is March 17, 2027.

During the year ended January 31, 2022, the Company had a total drawdown of £740,000.

(Expressed in Canadian dollars)

11. LOAN FACILITY (continued)

As at January 31, 2022, the Company was not in compliance with the following covenants set out under the Agreement:

- maintained a liquidity ratio (current assets/current liabilities) not less than 1.1.
- complied with the interest payment schedule as defined under the Loan Agreement.

As the result, the Facility has been presented under current liability as of January 31, 2022.

Per the Agreement, in the event of a breach, or on becoming aware that a breach is likely, the Company will be required to write to the Lender explaining how such a breach will be remedied. This remedy must be achieved within 90 days of the breach occurring.

During the period ended July 31, 2022, the Company provided details of the proposed remedy and the Lender confirmed that the liquidity breach is not considered as an event of default.

The Facility was accounted for using effective interest rate method. The Company has recorded the fair value of $1,008,347 (£589,953) on the Facility initial recognition date using an effective interest rate of 14.5% per annum. The difference of $256,461 (£150,047) between the fair value and the total amount of the Facility received was considered as a gain on government grant and has been net off with the interest accretion expense of $110,458 (£68,446) and loss on breach of covenant of $199,826 (£123,823), as the result, the net amount of $68,137 (£42,222) has been recorded as interest expenses.

	GBP	$
Loans payable at nominal value	740,000	1,161,060
Less: Gain on government grant	(150,047)	(235,424)
Loans payable at fair value at inception	589,953	952,636
Add: Accretion expenses	91,848	144,109
Less: Interest payments	(18,185)	(28,533)
Add: Loss on breach of covenant	114,223	179,217
Loans payable Balance, July 31, 2022	777,839	1,220,429

12. GOVERNMENT GRANT

During the period ended July 31, 2022, the Company received $nil (July 31, 2021- $85,565) payment from Innovate UK which has been recognized as other income. Innovate UK is a public body funded by the UK government.

13. SHARE TO BE ISSUED

During the year ended January 31, 2022, the Company entered into consulting agreements with third-party consultants under which the Company is committed to issue 22,490 common shares for the services provided by the consultants. As of July 31, 2022, $6,749 was recorded for the fair value of share to be issued.

During the year ended January 31, 2022, the Company entered into an Employee Agreement. As of July 31, 2022, $44,852 was recorded for the fair value of share to be issued.

(Expressed in Canadian dollars)

14. NON-CASH INVESTING AND FINANCING ACTIVITIES

	July 31, 2022	July 31, 2021
Shares issued for debts settlement (Note 9A)	$ 20,576	$ -
Shares issued from warrants exercised (Note 9A)	-	14,699
Shares issued from option exercised (Note 9A)	-	58,438
Share issued for services (Note 9A)	1,705	75,000

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are all carried at amortized cost except the shares to be issued which the fair value measurement is categorized into Level 1. There are no significant differences between the carrying value of these financial instruments carried at amortized cost and their estimated fair values as of July 31, 2022 and 2021 due to the short term nature of the instruments.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is mainly on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

Contractual maturities of financial liabilities as at July 31, 2022 are presented below:

Contractual Obligations	Payments Due by Year			
	Total	Less than 1 Year	1 – 3 Years	After 3 Years
Accounts payable and accrued liabilities	$2,514,450	$2,514,450	N/A	N/A
Due to related parties	$2,225,417	$100,417	$2,125,000	N/A
Loan facility	$1,220,429	$42,959	$671,335	$506,134
Share to be issued	$51,601	$51,601	N/A	N/A
Total	$6,011,897	$2,709,427	$2,796,335	$506,134

Interest rate risk

The Company's loan facility is at fixed interest rate and therefore is not exposed to significant interest rate risk.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have significant exposure to foreign exchange risk because it has minimum foreign currency assets and liabilities.

16. CAPITAL MANAGEMENT

The Company considers its cash and share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital restructure. There was no change in the Company's approach to capital management during the period ended July 31, 2022.

18. GEOGRAPHICAL INFORMATION

The Company is considered operating in one segment for development of the ICA platform. The geographical division of the Company's non-current assets is as follows:

	Canada	United Kingdom	Dubai	Total
	$	$	$	$
Non-current assets				
July 31, 2022	-	178,531	6,936	185,467
January 31, 2022	-	148,720	-	148,720

19. SUBSEQUENT EVENT

Subsequent to period end, R&D tax credit for the year ended January 31, 2022 was approved and the Company received £243,103 ($368,374).