

Mijem Newcomm Tech Inc.

Consolidated Financial Statements

For the years ended July 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mijem Newcomm Tech Inc.

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Mijem Newcomm Tech Inc. and its subsidiaries (together, the “Company”), which comprise the consolidated statements of financial position as at July 31, 2022 and 2021, 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 consolidated financial position of the Company as at July 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis of Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards (“GAAS”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audits 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 to the consolidated financial statements which indicates that for the year ended July 31, 2022, the Company incurred a net loss of \$2,776,155 and had negative cash flows from operations of \$1,941,257 and, as at that date, had an accumulated deficit of \$6,750,106. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis (“MD&A”), but does not include the consolidated financial statements and our auditors’ report thereon. Our opinion on the consolidated financial statements does not cover the MD&A and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the MD&A, and, in doing so, consider whether the MD&A is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the MD&A prior to the date of this auditors’ report. If based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors’ report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible



for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 audits resulting in this independent auditors' report is Laurence W. Zeifman, CPA, CA.

Zeifmans LLP

November 10, 2022
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Mijem Newcomm Tech Inc.
Consolidated Statements of Financial Position
As At July 31, 2022 and 2021
Expressed in Canadian Dollars

As at	Note	2022	2021
		\$	\$
ASSETS			
Current:			
Cash		429,883	363,447
Short-term investment		33,000	-
Government remittances recoverable		96,482	21,713
Investment tax credits receivable	6	-	31,789
Subscription receipts - held in trust	7	-	2,390,850
Prepaid expenses		77,332	5,515
		636,697	2,813,314
Non-Current			
Equipment	8	998	2,770
Intangible assets	9	43,936	49,803
		44,934	52,573
TOTAL ASSETS		681,631	2,865,887
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	10	163,007	256,514
Subscription receipts liability	7	-	2,390,850
Current portion of long-term loans	12	-	62,475
		163,007	2,709,839
Non-current:			
Convertible promissory note	11	-	512,418
Derivative liability	11	-	151,106
Long-term loans	12	-	174,231
		-	837,755
TOTAL LIABILITIES		163,007	3,547,594
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	13	6,271,777	2,769,487
Warrants reserve	13	117,874	416,314
Options reserve	13	377,746	76,828
Contributed surplus	13	501,333	29,615
Deficit		(6,750,106)	(3,973,951)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		518,624	(681,707)
		681,631	2,865,887

These consolidated financial statements were approved for issue on November 10, 2022 by the board of directors and signed on its behalf by:

"Phuong Dinh"

Director

"Alex Pekurar"

Director

Mijem Newcomm Tech Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended July 2022 and 2021

Expressed in Canadian Dollars

	Note	2022	2021
REVENUE		6,653	7,110
EXPENSES			
Listing expense	7	783,042	-
Advertising and promotion	19	455,299	66,521
Corporate management	19	359,454	132,491
Research and development	6	310,922	29,681
Share-based compensation	10,14	305,519	82,210
Salaries	14	293,789	147,859
Professional fees	19	144,456	62,051
Insurance		57,776	8,141
Regulatory fees		25,721	-
Interest		24,148	28,417
Communication		14,909	2,580
Office and sundry		9,619	923
Rent	11	4,074	6,057
Amortization of intangible assets	9	3,990	4,983
Bank charges		2,639	8,669
Depreciation of equipment	8	1,380	1,588
TOTAL EXPENSES		2,796,737	582,171
LOSS BEFORE THE FOLLOWING ITEMS		(2,790,084)	(575,061)
Interest income		3,345	58
Revaluation of cryptocurrency		(5,169)	(3,863)
Government assistance	6	-	10,945
Foreign currency translation loss		(5,805)	-
Change in fair value of derivative liability	10	59,041	107,269
Accretion expense	10	(37,483)	(31,189)
NET LOSS AND COMPREHENSIVE LOSS		(2,776,155)	(491,841)
Basic and diluted loss per share		(0.1307)	(0.0464)
Weighted average number of basic common shares outstanding		21,232,662	10,598,521

Mijem Newcomm Tech Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended July 31, 2022 and 2021

Expressed in Canadian Dollars

	Note	Number of shares	Share capital	Warrant reserve	Option reserve	Contributed surplus	Deficit	Total
			\$	\$	\$	\$	\$	\$
As at July 31, 2020		10,359,241	2,657,710	455,686	10,870	23,891	(3,482,110)	(333,953)
Shares issued for services		250,066	52,950	-	-	-	-	52,950
Exercise of warrants		724,682	58,827	(58,622)	-	-	-	205
Share-based compensation		-	-	16,252	65,958	-	-	82,210
Warrants issued for forgiveness of promissory note		-	-	8,722	-	-	-	8,722
Expiry of warrants		-	-	(5,724)	-	5,724	-	-
Net loss and comprehensive loss for the year		-	-	-	-	-	(491,841)	(491,841)
As at July 31, 2021		11,333,989	2,769,487	416,314	76,828	29,615	(3,973,951)	(681,707)
Shares issued on conversion of promissory notes	12	4,124,428	667,278	-	-	-	-	667,278
Shares issued for cash	12	9,946,630	2,344,849	-	-	-	-	2,344,849
Equity issued for amalgamation	12	2,441,624	610,406	86,286	27,065	-	-	723,757
Share issuance costs	12	-	(65,282)	65,282	-	-	-	-
Exercise of warrants	12	295,168	25,067	(24,984)	-	-	-	83
Cancellation of shares	12	(354,203)	(80,028)	-	-	15,028	-	(65,000)
Share-based compensation	12	-	-	-	305,519	-	-	305,519
Expiry of warrants	12	-	-	(425,024)	-	425,024	-	-
Expiry of options	12	-	-	-	(31,666)	31,666	-	-
Net loss and comprehensive loss for the year		-	-	-	-	-	(2,776,155)	(2,776,155)
As at July 31, 2022		27,787,636	6,271,777	117,874	377,746	501,333	(6,750,106)	518,624

Mijem Newcomm Tech Inc.
Consolidated Statements of Cash Flows
For the Years Ended July 31, 2022 and 2021
Expressed in Canadian Dollars

	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss and comprehensive loss		(2,776,155)	(491,841)
Items not affecting cash			
from operating activities:			
Share-based compensation	12	305,519	82,210
Shares issued for services		-	52,950
Accretion expense	10, 11	37,483	31,189
Depreciation of equipment	8	1,380	1,588
Amortization of intangible assets	9	3,990	4,983
Listing expense	7	783,042	-
Revaluation of cryptocurrency	9	5,169	3,863
Loss on disposal of equipment	8	392	-
Government assistance	11	-	(10,945)
Change in fair value of derivative liability		(59,041)	(107,269)
		(1,698,221)	(433,272)
Net changes in non-cash working capital:			
Government remittances recoverable		(53,532)	(19,522)
Investment tax credit receivable		31,789	(12,522)
Prepaid expenses		(71,817)	36
Accounts payable and accrued liabilities		(149,476)	9,516
Cash flows for operating activities		(1,941,257)	(455,764)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on amalgamation	7	3,290	-
Proceeds on sale of short-term investments		-	52,869
Purchase of short-term investment		(33,000)	-
Purchase of equipment	8	-	(2,286)
Increase in intangible assets	9	(3,292)	(9,231)
Cash flows from investing activities		(33,002)	41,352
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on the exercise of warrants	12	83	205
Issuance of promissory note	10	-	740,000
Increase in long-term loans	11	-	20,000
Repayments of long-term loans	11	(239,237)	(48,263)
Shares issued for cash	12	2,344,849	-
Cancellation of shares	12	(65,000)	-
Cash flows from financing activities		2,040,695	711,942
NET INCREASE IN CASH FOR THE YEAR		66,436	297,530
CASH, BEGINNING OF THE YEAR		363,447	65,917
CASH, END OF THE YEAR		429,883	363,447

Mijem Newcomm Tech Inc.

Notes to the Consolidated Financial Statements

July 31, 2022 and July 31, 2021

(Expressed in Canadian Dollars, except per share amounts)

1. Nature of Operations and Going Concern

Mijem Newcomm Tech Inc. ("MNTI") (together with its subsidiary, the "Company") is a company incorporated under the Canada Business Corporations Act and domiciled in the Province of Ontario. The address of the Company's registered office is 50 Carroll St., Toronto, Ontario M4M 3G3. The Company's primary business is the development and monetization of online and mobile applications.

On January 6, 2022, Mijem Inc., ("MI") completed its reverse takeover transaction ("RTO") with Great Oak Enterprises Ltd., ("GOE"). (see note 4) As part of the RTO, MI and 2845964 Ontario Corp., a wholly owned subsidiary of GOE, ("GOE subco") amalgamated by way of a triangular amalgamation under the Business Corporations Act (Ontario) (the "Amalgamation"). GOE has changed its name to MNTI and continues as the reporting issuer (MJEM:CSE).

The RTO has been accounted for as a reverse takeover by MI, such that these consolidated financial statements reflect the accounts of MI acquiring GOE, and the comparative information is for MI.

These consolidated financial statements have been prepared in accordance with accounting principles that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has an accumulated deficit of \$6,750,106 (July 31, 2021 - \$3,973,951) at July 31, 2022, incurred a net loss of \$2,776,155 for the year ended July 31, 2022 (2021- \$491,841) and negative cash flows from operations of \$1,941,257 for the year ended July 31, 2022 (2021 - \$455,764).

The Company's continuation as a going concern is dependent upon successful results from the development and monetization of the Company's online and mobile applications and its ability to attain profitable operations and/or raise capital sufficient to meet current and future obligations, all of which are uncertain. These material uncertainties cast significant doubt about the ability of the Company to Continue as a going concern. Management intends to finance operating costs over the next twelve months with a combination of earned revenue and the issuance of debt and/or common shares.

The carrying amount of assets, liabilities, revenue and expenses presented in these financial statements have not been adjusted as would be required if the going concern assumption was not appropriate.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The policies in these consolidated financial statements are based on IFRS issued and outstanding as of November 10, 2022, the date these consolidated financial statements were authorized and issued by the board of directors.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary Mijem Inc. Mijem Inc. is domiciled in the Province of Ontario.

All intercompany transactions and balances between and among the Company and its subsidiary have been eliminated on consolidation. Where necessary, adjustments are made to assets, liabilities, and results of subsidiary and associates to bring their accounting policies into line with those used by the Company.

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company controls an entity if it has power to direct the activities of the entity that significantly affects its returns ("the relevant activities"), has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

Mijem Newcomm Tech Inc.

Notes to the Consolidated Financial Statements

July 31, 2022 and July 31, 2021

(Expressed in Canadian Dollars, except per share amounts)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the Company and its subsidiary are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(c) COVID-19

Since January, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

(d) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(e) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

3. Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents include all cash and all highly liquid investments with original maturities of three months or less.

(b) Equipment

Equipment is stated as cost less accumulated depreciation. Equipment is depreciated over their estimated useful life at the following annual rates:

Furniture and fixtures	20%
Computer equipment	55%

Equipment is depreciated from the date the asset is available for use as intended until the date of disposition.

Property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively if appropriate.

(c) Intangible assets

Intangible assets include cryptocurrency, expenditures related to obtaining patents and technology rights associated with patents and trademarks.

Patents and technology rights

The amortization of patent costs commences when the associated products are available for commercial sale and is amortized on a straight line basis over its respective legal lives or economic life, if shorter. Patents have an estimated useful life of 17 years. Trademarks are considered to have finite useful lives of ten years and, as such, are recorded at cost less

Mijem Newcomm Tech Inc.

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accumulated amortization. The amortization of trademarks is on a straight-line basis over ten years. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate. Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in operations as incurred.

Development activities involve a plan or design for the production of new, or substantially improved, products or processes related to the Company's technology platforms. Development expenditures are capitalized only if the relevant IFRS criteria are met. Capitalized development expenditures are amortized from the beginning of commercial production and sales and are amortized on a straight-line basis over the remaining useful life of the related patent(s). Development expenditures, in relation to the Company's website and app platforms, have not satisfied the above criteria and are recognized in operations as incurred.

Cryptocurrency

Cryptocurrency meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at their fair value at their acquisition date and the revaluation method is used to measure the cryptocurrency subsequently. The Company revalues its cryptocurrency at the end of each of its reporting periods and at its annual financial reporting date. Increases in fair value are recorded in other comprehensive income as revaluation surplus, while decreases are recorded in other comprehensive income to the extent of any credit balance in revaluation surplus in respect of cryptocurrency, with any remaining decrease being recorded in profit or loss.

There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss.

The Company's only cryptocurrency is Bitcoin Satoshi Vision ("Bitcoin SV"). Management considers the fair value to be a level two input in the fair value hierarchy under IFRS 13 *Fair Value Measurement* as the price on this source represents an average of quoted prices on multiple cryptocurrency exchanges.

(d) Impairment of long-lived assets

As of the end of each reporting period, the Company reviews the carrying amounts of its equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Long-lived assets with indefinite useful life, or those not yet available for use, are tested for impairment annually. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unity ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Financial Instruments

Classification

The Company determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI");
- Those to be measured at amortized cost.

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(Expressed in Canadian Dollars, except per share amounts)

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Currently, the Company classifies subscription receipts – held in trust as financial assets at amortized cost and accounts payable and accrued liabilities, long-term loans, promissory notes and subscription receipts liability as financial liabilities at amortized cost.

Financial instruments at FVTPL

Financial instruments are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Financial instruments at FVTPL are subsequently measured at fair value, with gains and loss on disposition and unrealized gains and loss from changes in fair value are recognized in the consolidated statement of loss and comprehensive loss. The effective portion of gains and losses on financial instruments designed as hedges is included in the statements of comprehensive loss in the period in which it arise. When 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 income (loss).

Currently, the Company classifies cash, short-term investments and derivative liability as FVTPL.

Financial instruments at FVOCI

Currently, the Company does not have any instruments classified as FVOCI.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Mijem Newcomm Tech Inc.

Notes to the Consolidated Financial Statements

July 31, 2022 and July 31, 2021

(Expressed in Canadian Dollars, except per share amounts)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical rest of interest

Reclassifications

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income ("OCI") is recognized in profit or loss.

Financial liabilities

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

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

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Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any observable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustment – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Impairment

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

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Recognition of allowance of expected credit losses ("ECL") in the statement of financial position

The Company recognizes a loss allowance for ECL on trade receivables that are measured at amortized cost. The Company's applied the simplified approach for trade receivables and recognizes the lifetime ECL for these assets. The ECL on trade receivables is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets measured at amortized cost or FVOCI, the Company recognizes lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on such financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance on those financial instruments at an amount equal to 12-months ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date. In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial asset at the reporting date with the risk of default occurring at the initial recognition. The Company considers both quantitative and qualitative factors that are supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company presumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management purposes, the company considers a financial asset not recoverable if the customer balance owing is 120 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

Write off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(f) Revenue

Consulting fees are recognized over the period that the performance obligation is delivered.

(g) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case it is recognized in equity or other comprehensive income (loss).

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for changes to tax payable with regards to previous periods.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary difference do not result in deferred tax assets or liabilities: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statements of financial position date.

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

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

(h) 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.

(i) Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax, from the proceeds.

(j) Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in warrant reserve. Unit proceeds are allocated to common shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in warrant reserve, is recorded as an increase to share capital. For any warrants that do not vest upon issuance, a forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of warrants that vest. Upon expiration of warrants, the amount applicable to expired warrants is moved to contributed surplus.

(k) Share-based compensation

Under the Company's stock option plan, all stock options granted have graded vesting periods and are exercisable up to a maximum of 10 years from the date of grant. Each tranche of an award with graded vesting periods is considered a separate grant at each grant date for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted, the estimated volatility, estimated risk-free rate and estimated forfeitures. The value of the options granted is recognized over the vesting period in share-based compensation expense in the statement of loss and comprehensive loss, and in options reserve. Upon exercise, shares are issued from treasury and the amount reflected in options reserve is credited to share capital, along with any consideration paid. Upon expiration of options, the amount applicable to expired options is moved from options reserve to contributed surplus.

If a grant of the share-based payments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized for services over the remainder of the vesting period.

The amount recognized for goods or services received during the vesting period are based on the best available estimate of the number of equity instruments anticipated to vest. The Company revises that estimate, if necessary, if subsequent information indicates that the number of share options anticipated to vest differs from previous estimates. On vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. After vesting date, the Company makes no subsequent adjustment to total equity for goods or services received if the share options are later forfeited or they expire at the end of the share options' life.

If a grant of the share-based payment is modified during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) and the fair value of the new instruments is higher than the fair value of the original instrument, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments vests, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period of the original instrument.

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(l) Government grants

Government grant funds are recognized in the statement of loss and comprehensive loss when there is reasonable assurance that the Company has complied with the conditions attached to them and that the grant funds will be received. When the grant relates to an expense item, it is recognized as a recovery of the expense item over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduce depreciation charge. Government grants in the form of forgivable or low interest loans are recognized in income as the difference between the amount received and the present value of anticipated future payments under the loan.

(m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount receivable can be measured reliably.

(n) Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. 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*.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in Canadian dollars at the period end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Currency gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

(o) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit period, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of diluted stock options and warrants are used to repurchase common shares at the average price during the period.

4. New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at July 31, 2022 and have not been applied in preparing these consolidated financial statements. Management has determined that none of these will have a significant effect on its consolidated financial statements of the Company.

5. Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such 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 future periods if the revision affects both current and

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future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements include going concern (note 1), estimated useful lives of equipment (note 8), and intangible assets (note 9), fair value of share-based payments (note 13) and fair value of financial instruments (note 18).

Ability to continue as a going concern

In order to assess whether it is appropriate for the Company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections.

In arriving at this judgment, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing of raising additional financing.

Estimated useful lives, impairment considerations and amortization of equipment and intangible assets

Amortization of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of finite long-lived assets is influenced by judgment in defining a CGU and determining the indicators of impairment, and estimates used to measure impairment losses.

Intangible assets valuation

The Company's intangible assets valuation requires management to use judgment in estimating the fair value of its patents. The fair value of patents is estimated on the basis of costs incurred.

Share based payments

The fair value of share-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options or warrants granted.

6. Government Assistance

The Company recognized \$nil investment tax credits for the year ended July 31, 2022 (\$31,789 for 2021), equal to the amount claimed, as a reduction of research and development expenses. Investment tax credits receivable as at July 31, 2022 were \$nil (31,789 as at July 31, 2021).

The Company recognized \$39,560 in 2022 (\$22,090 in 2021) in connection with the Northern Ontario Heritage Fund Corporation Grant ("NOHFC Grant") which is recorded in the consolidated statement of loss and comprehensive loss as a reduction of advertising and promotion and research and development expenses.

The Company recognized \$nil in 2022 (\$39,690 in 2021) in connection with the National Research Council of Canada ("NRC") Industrial Research Assistance Program which is recorded in the consolidated statement of loss and comprehensive loss as a reduction of research and development expenses.

7. Reverse Takeover Transaction

On January 6, 2022, the Company completed its reverse takeover transaction with GOE. The RTO was completed by way of a share exchange between the shareholders of GOE and the Company. In exchange for their MI shares, MI Shareholders received Resulting Issuer Shares at an exchange ratio of 0.3542 MNTI shares for each one MI share (the "Exchange Ratio").

The RTO constituted a reverse takeover of GOE by MI and has been accounted for as a reverse takeover transaction in accordance with IFRS 2, Share-based payments. The Company did not meet the definition of a business in accordance with IFRS 3, Business combinations, as such, the RTO does not constitute a business combination.

Prior to the Amalgamation the common shares of GOE were consolidated on the basis of 2.8294 pre-consolidation shares of GOE for every one post consolidation share of MNTI.

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Prior to the Amalgamation, the subscription receipts held in trust for MI were released and automatically converted to MI shares at \$0.0885 MI share (\$0.25 per MJEM share), The MI shares issued pursuant to the conversion were exchanged alongside other MI shares for MNTI shares in accordance with the terms of the RTO.

Upon the release of the subscription receipts, the convertible debentures of MI automatically converted to MI shares at \$0.0668 per MI share, and the MI shares issued pursuant to the conversion were exchanged alongside other MI shares for MNTI shares in accordance with the terms of the RTO.

The effects of the Exchange Ratio and the Share Consolidation have been applied retroactively in these consolidated financial statements.

The purchase results in a share capital increase of \$723,757 which represents the fair value of the resulting issuer shares, options and warrants issued to GOE security-holders to affect the RTO. The difference between the aggregate fair value of the MNTI shares, warrants and options issued to GOE shareholders, option-holders and warrant-holders and the fair value of monetary net assets of GOE acquired of \$(59,285), such difference being \$783,042, has been charged to consolidated deficit and consolidated net loss as a listing expense (see note 13).

Consideration	\$
Fair value of 2,441,624 shares	610,406
Warrant reserve	86,286
Option reserve	27,065
Total consideration	723,757
Net assets acquired (liabilities assumed):	
Cash	3,290
Accounts receivable	21,237
Accounts payable and accrued liabilities	(79,297)
Loan	(4,515)
Total net assets acquired (liabilities assumed):	(59,285)
Listing fees	783,042

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8. Equipment

	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
	\$	\$	\$
Cost			
Balance, July 31, 2020	1,384	6,720	8,104
Additions	-	2,286	2,286
Balance, July 31, 2021	<u>1,384</u>	<u>9,006</u>	<u>10,390</u>
Accumulated depreciation			
Balance, July 31, 2020	869	5,163	6,032
Charge for the year	103	1,485	1,588
Balance, July 31, 2021	<u>972</u>	<u>6,648</u>	<u>7,620</u>
Net book value			
Balance, July 31, 2021	<u>412</u>	<u>2,358</u>	<u>2,770</u>
Cost			
Balance, July 31, 2021	1,384	9,006	10,390
Disposals	(1,384)	(1,763)	(3,147)
Balance, July 31, 2022	<u>-</u>	<u>7,243</u>	<u>7,243</u>
Accumulated depreciation			
Balance, July 31, 2022	972	6,648	7,620
Charge for the year	83	1,297	1,380
Disposals	(1,055)	(1,700)	(2,755)
Balance, July 31, 2022	<u>-</u>	<u>6,245</u>	<u>6,245</u>
Net book value			
Balance, July 31, 2022	<u>-</u>	<u>998</u>	<u>998</u>

The Company has identified certain items previously included in furniture and fixtures and computer equipment that are no longer in use by the Company. As such this retirement of assets has resulted in a loss for year of \$329 and \$63 respectively, which is included in consolidated statement of loss and comprehensive as reduction of office and sundry.

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9. Intangible assets

	Patents	Trademarks	Cryptocurrency	Total
	\$	\$	\$	\$
Cost				
Balance, July 31, 2020	21,656	42,961	-	64,617
Additions	9,231	-	10,000	19,231
Disposals	-	(3,060)	-	(3,060)
Balance, July 31, 2021	<u>30,887</u>	<u>39,901</u>	<u>10,000</u>	<u>80,788</u>
Accumulated amortization				
Balance, July 31, 2020	-	22,139	-	22,139
Charge for the year	-	4,983	-	4,983
Loss on revaluation	-	-	3,863	3,863
Balance, July 31, 2021	<u>-</u>	<u>27,122</u>	<u>3,863</u>	<u>30,985</u>
Net book value				
Balance, July 31, 2021	<u>30,887</u>	<u>12,779</u>	<u>6,137</u>	<u>49,803</u>
Cost				
Balance, July 31, 2021	30,887	39,901	10,000	80,788
Additions	3,292	-	-	3,292
Disposals	-	-	-	-
Balance, July 31, 2022	<u>34,179</u>	<u>39,901</u>	<u>10,000</u>	<u>84,080</u>
Accumulated amortization				
Balance, July 31, 2021	-	27,122	3,863	30,985
Charge for the year	-	3,990	-	3,990
Loss on revaluation	-	-	5,169	5,169
Balance, July 31, 2022	<u>-</u>	<u>31,112</u>	<u>9,032</u>	<u>40,144</u>
Net book value				
Balance, July 31, 2022	<u>34,179</u>	<u>8,789</u>	<u>968</u>	<u>43,936</u>

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	July 31, 2022	July 31, 2021
	\$	\$
Advertising and promotion	21,313	9,040
Corporate management	23,704	4,000
Research and development	55,304	14,712
Legal fees	1,397	120,087
Audit fees	54,500	68,000
Regulatory fees	1,223	-
Other	5,566	40,675
Accounts payable and accrued liabilities	<u>163,007</u>	<u>256,514</u>

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11. Convertible Promissory Notes and Derivative Liability

On April 1, 2021, the Company issued, via private placement, \$750,000 of promissory notes (the "Notes") bearing interest at 5% per annum, maturing on April 1, 2024 (the "Maturity Date") and convertible into common shares at the holder's option, at any time until the Maturity Date. The principal and any accrued interest of the Notes are automatically convertible into common shares on the occurrence of (a) the Company completing an equity financing (a "Next Equity Financing conversion") or (b) the Company completing a corporate transaction (a "Corporate Transaction conversion"). The holders have the option to convert the Notes into common shares either at any time after three months from the issuance of the Notes (the "Optional Conversion") and at any time on or after the Maturity Date.

One of the Notes subscribers received 183,285 common share purchase warrants from the Company, exercisable at \$0.0682 per share until April 1, 2024. The fair value of the warrants was determined under the Black-Scholes Model to be \$8,722. For the purpose of calculating the fair value of the warrants, the following assumptions were used: Risk-free interest rate – 0.48%, Expected life – 3 years, Expected annual volatility – 100%, Expected dividends – Nil, Expected forfeiture rate – Nil%.

Upon a Next Equity Financing conversion, the number of common shares that the Company issues would be the quotient (rounded down to the nearest whole share) obtained by dividing the outstanding principal balance and unpaid accrued interest under the Notes on a date that is no more than five days prior to the closing of the Next Equity Financing by the applicable conversion price. The Next Equity Financing conversion price is determined by dividing \$3,000,000 by the fully diluted capitalization of the Company (the "Fully Diluted Capitalization") prior to the closing of the next Equity Financing. The Fully Diluted Capitalization is defined as the number of issued and outstanding shares of the Company assuming the conversion or exercise of all of the Company's outstanding convertible or exercisable securities, including convertible preferred shares and all outstanding vested or unvested options and/or warrants. Fully Diluted Capitalization excludes any convertible promissory notes, including the Notes; and simple agreements for future equity ("SAFEs") issued by the Company and equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

The Notes define a Corporate Transaction as either (a) the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all or substantially all of the Company's assets; (b) the consummation of an amalgamation or merger of the Company into another entity; or (c) the closing of the transfer (whether by amalgamation, merger, or otherwise), in a single or series of related transactions to a person or group of the Company's shares if, after such closing, such person or group would become the beneficial owner of more than 50% of the outstanding voting securities of the Company. Under the Corporate Transaction Conversion the number of shares the Company issues would be the quotient (rounded down to the nearest whole share) obtained by dividing the outstanding principal balance and unpaid accrued interest under the Notes immediately prior to the closing of a Corporate Transaction by the applicable conversion price. The Corporate Transaction conversion price is determined by dividing \$5,000,000 (the "Valuation Cap") by the Fully Diluted Capitalization.

Under both the Optional and Maturity Date Conversion the number of shares the Company issues would be the quotient (rounded down to the nearest whole share) obtained by dividing the outstanding principal balance and unpaid accrued interest under the Notes at the time of Conversion by the applicable conversion price. The Optional and Maturity Date Conversion price is determined by dividing the Valuation Cap by the Fully Diluted Capitalization of the Company.

Since the conversion features offered a variable price and a variable number of shares to settle the Notes, the conversion feature had been accounted for as a derivative liability under IFRS. Accordingly, the fair value of the conversion feature, being \$258,375, of the issuance proceeds was allocated to the derivative liability, \$8,722 was allocated to the issued warrants and the remaining \$482,903 was allocated to the Notes. The amount allocated to the Notes is then accreted to the amount owing upon maturity over the period to the Maturity Date. The Debentures were treated as having an embedded derivative that was treated as a financial liability under IFRS.

The fair value of the derivative liability at the date of issuance was determined using the Binomial valuation model with probabilities of the four potential outcomes. The following assumptions were used:

- The probability of a Next Equity Financing conversion was assumed to be 80%; and the fair value of this outcome was estimated to be \$270,002 based on the Black-Scholes valuation model with the following inputs: share price of \$0.075; expected life of 0.5 year; \$nil dividends; 100% volatility; risk-free interest rate of 0.22%; and a conversion price of \$0.0667. Management estimated the date of a Next Equity Financing to be September 30, 2021.
- The probability of a Corporate Transaction conversion was assumed to be 10%; and the fair value of this outcome was estimated to be \$151,450 based on the Black-Scholes valuation model with the following inputs: share price of \$0.075; expected life of 1.17 years; \$nil dividends; 100% volatility; risk-free interest rate of 0.22%; and a conversion price of \$0.111175. Management estimated the date of a Corporate Transaction to be June 30, 2022.
- The probability of an optional conversion was assumed to be 0%.

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- The probability of a Maturity Date conversion was assumed to be 10%; and the fair value of this outcome was estimated to be \$272,285 based on the Black-Scholes valuation model with the following inputs: share price of \$0.075; expected life of 3 years; \$nil dividends; 100% volatility; risk-free interest rate of 0.48%; and a conversion price of \$0.111175.

On December 22, 2021 the company completed a financing round, which qualified as a Next Equity Financing for the conversion of the Notes. Under the terms of the Notes the price per share for this conversion was \$3,000,000 divided by the fully diluted capital of the Company (44,932,339 pre-amalgamation shares). This resulted in a Conversion Price of \$0.0668, which converted the Notes \$750,000 into 11,227,545 MI shares. All accrued and unpaid interest (\$27,842) with respect to the Notes was paid to the holder by the Company in MI shares at the deemed price per share equal to the Notes Conversion Price, which converted into 416,803 MI shares. These shares converted along with the other MI share into MNTI shares in accordance with the terms of the RTO, resulting in 4,124,428 MNTI shares.

Prior to conversion upon the Next Equity Financing, the fair value of the embedded derivative related to the Notes was determined using the Black Scholes valuation model using the following assumptions on December 22, 2021: stock price of \$0.075; expected life of 0 years; \$nil dividends; 100% volatility; risk-free interest of 1.08%; and the exercise price of \$0.0668.

As a result, the Company recognized a gain on the revaluation of the embedded derivative of \$59,041 for the year ended July 31, 2022 (\$107,269 in 2021).

For the year ended July 31, 2022, the Company incurred interest expense of \$15,343 (2021 – \$12,500). Outstanding interest payable was \$nil as at July 31, 2022 (\$12,500 as at July 31, 2021).

The movement in the Notes and derivative liability is as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Notes		
Balance, beginning of the year	512,418	-
Issuance	-	750,000
Less: fair value assigned to derivative liability	-	(258,375)
Less: fair value assigned to warrants issued	-	(8,722)
Accretion during the year	34,952	29,515
Amount transferred to share capital on conversion	(547,370)	-
	<u>-</u>	<u>512,418</u>
Derivative liability		
Balance, beginning of the year	151,106	-
Value assigned from convertible debenture	-	258,375
Change in fair value	(59,041)	(107,269)
Amount transferred to share capital on conversion	(92,065)	-
	<u>-</u>	<u>151,106</u>
Balance, end of the year	<u>-</u>	<u>151,106</u>

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12. Long Term Loans

<u>As at</u>	<u>April 30, 2022</u>	<u>July 31, 2021</u>
	\$	\$
Loan payable with the Business Development Bank of Canada ("BDC") bearing interest at the bank's floating base rate plus 5% per annum and maturing on October 1, 2022 (a)	-	1,875
Loan payable with the BDC bearing interest at the bank's floating base rate plus 2% per annum and maturing on October 1, 2024 (a)	-	197,362
CEBA Loan (b)	-	37,469
	-	236,706
Amounts payable within one year	-	(62,475)
	-	174,231

(a) This loan was unsecured and was repaid on January 6, 2022. All related interest and prepayment fees have been charged to loan interest in the current period.

(b) On April 20, 2020 and December 18, 2020, the Company obtained \$40,000 and \$20,000, respectively, from the Government of Canada under the Canada Emergency Business Account ("CEBA") COVID-19 Economic Response Plan. Effective January 1, 2023, any outstanding balance is to bear interest at a rate of 5% per annum. The CEBA loan matures on December 31, 2025. If \$40,000 of the outstanding balance is repaid on or before December 31, 2022, the remaining \$20,000 is to be forgiven. The Company has used a 5% per annum discount rate to determine the fair value of the interest-free period. The fair value of the CEBA loan at inception has been estimated at \$35,354, reflecting the anticipated forgiveness and its interest-free nature. This amount was accreted to the amount anticipated to be payable at December 31, 2022 of \$40,000. The difference between the amount received and the fair value of the CEBA loan has been account for as government assistance in the consolidated statement of loss and comprehensive loss.

This loan was repaid on December 22, 2021. The accretion expense for the year ended July 31, 2022 was \$2,531 (2021 - \$1,674).

13. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares, an unlimited number of Classes A, B and C common shares, and an unlimited number of preferred shares issuable in series by the directors. The common shares are without nominal or par value and may carry rights, privileges, priorities, limitations, conditions, and restrictions according to the class they are issued at including receiving dividends and voting rights.

The Class A common shares have all rights and privileges of common shares with the exception that Class A common shares cannot be traded on any public exchange and automatically convert to common shares on a share-for-share basis four months after an RTO. These shares were automatically converted to common shares on May 6, 2022, and there are no Class A share outstanding.

The Class B common shares have all rights and privileges of common shares with the exception that Class B common shares cannot be traded on any public exchange and automatically convert to common shares on a share-for-share basis eight months after an RTO. These shares are to automatically convert to common shares on September 6, 2022.

The Class C common shares have all rights and privileges of common shares with the exception that Class C common shares cannot be traded on any public exchange and automatically convert to common shares on a share-for-share basis twelve months after an RTO. These shares are to automatically convert to common shares on January 6, 2023.

The preferred shares shall be entitled to preference over the common shares of the Company and over any other shares of the Company with respect to payment of dividends and return of capital and in the distribution of assets in the event of liquidation, dissolution, or wind-up of the Company. There are currently no preferred shares issued and outstanding.

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Issued

The continuity of the outstanding share capital is as follows:

	Shares	Proceeds \$	Share issuance costs \$	Total \$
Common shares				
As at July 31, 2021	1,452,172	444,237	(13,934)	430,303
Shares issued for cash	9,946,630	2,486,658	(141,809)	2,344,849
Issuance of broker warrants	-	-	(65,282)	(65,282)
Shares issued on conversion of promissory note	412,438	66,728	-	66,728
Shares issued on amalgamation	244,163	61,041	-	61,041
Exercise of warrants	29,515	2,507	-	2,507
Shares issued on conversion of Class A shares	5,352,307	1,195,803	(25,250)	1,170,553
Cancellation of shares (a)	(354,203)	(80,028)	-	(80,028)
	17,083,022	4,176,946	(246,275)	3,930,671
Class A				
As at July 31, 2021	3,293,939	804,978	(25,250)	779,728
Shares issued on conversion of promissory note	1,237,330	200,183	-	200,183
Shares issued on amalgamation	732,487	183,122	-	183,122
Exercise of warrants	88,551	7,520	-	7,520
Conversion to common shares	(5,352,307)	(1,195,803)	25,250	(1,170,553)
	-	-	-	-
Class B				
As at July 31, 2021	3,293,939	804,978	(25,250)	779,728
Shares issued on conversion of promissory note	1,237,330	200,183	-	200,183
Shares issued on amalgamation	732,487	183,122	-	183,122
Exercise of warrants	88,551	7,520	-	7,520
	5,352,307	1,195,803	(25,250)	1,170,553
Class C				
As at July 31, 2021	3,293,939	804,978	(25,250)	779,728
Shares issued on conversion of promissory note	1,237,330	200,183	-	200,183
Shares issued on amalgamation	732,487	183,122	-	183,122
Exercise of warrants	88,551	7,520	-	7,520
	5,352,307	1,195,803	(25,250)	1,170,553
TOTAL	27,787,636	6,568,552	(296,775)	6,271,777

(a) Two MI shareholders dissented to the RTO and redeemed 354,203 common shares of MI for proceeds of \$80,028.

Brokers' Warrants

On January 6, 2022, the Company issued 496,800 compensation warrants of the Company to brokers, with each compensation warrant being exercisable to acquire one common share at a price of \$0.25 for a period of 24 months.

The fair value of the warrants related to the January 6, 2022 issuance of \$65,282 was determined using the Black Scholes valuation model using the following assumptions on issuance: stock price of \$0.25; expected life of 2.00 years; \$nil dividends; 100% volatility; risk-free interest of 1.07%; and the exercise price of \$0.25.

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Warrants

In connection with the completion of the RTO, the company has warrants that were issued in GOE and are classified as equity (see note 7).

The following is a summary of the change in warrants for the year ended July 31, 2022 and 2021:

	2022		2021	
	Number of warrants outstanding	Weighted average exercise price \$	Number of warrants outstanding	Weighted average exercise price \$
<u>Share purchase warrants</u>				
Opening balance	424,180	0.3477	261,536	0.4446
Granted on amalgamation	742,210	0.1415	-	0.0000
Granted	496,800	0.2500	171,180	0.2045
Expired	(818,110)	0.2200	(8,536)	0.2931
Balance, July 31	845,080	0.2328	424,180	0.3477
<u>Liquidity warrants (a)</u>				
Opening balance	3,480,936	0.0003	4,205,618	0.0003
Exercised	(295,168)	0.0003	(724,682)	0.0003
Expired	(3,185,768)	0.0003	-	0.0000
Balance, July 31	-	0.0000	3,480,936	0.0003
Total	845,080	0.2328	3,905,116	0.0380

- (a) Liquidity warrants entitled the holder thereof to purchase one additional common share at any time within a period of 15 to 24 months from March 31, 2020 ("Liquidity Event Deadline") if a Liquidity Event has not been completed on or before the Liquidity Event Deadline. A Liquidity Event means (i) the filing of the final prospectus in relation to an initial public offering of the shares of the Company, (ii) the filing of a final decision document or the issuance of the final stock exchange bulletin in relation to a reverse take-over whereby a publicly listed company acquires all the issued and outstanding shares of the Company, meaning either (A) a merger or acquisition in which the Company is not the surviving entity; except for a transaction the principal purpose of which is to change the incorporating jurisdiction of the Company (b) the sale, transfer or other disposition of all or substantially all of the assets of the Company, or (C) any other corporate reorganization or business combination in which 50% or more of the outstanding voting stock of the Company is transferred, or exchange through merger, to different holders in a single transaction of the Company or is a series of related transactions. As a Liquidity Event did not occur on or before the Liquidity Event Deadline in respect of such Liquidity warrants, the Liquidity warrants were exercisable at an exercise price of \$0.0003 and they expired between December 14, 2021, and December 19, 2021.

The Company recognized share-based payments expense related to the issuance of warrants for the year ended July 31, 2022 of \$nil (2021 - \$16,252).

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The Company estimated the aggregate fair value of the warrants granted during the year using the Black-Scholes option pricing model with the following assumptions:

	December 22, 2021		January 6, 2022	
Number of warrants issued		742,210		496,800
Weighted average inputs:				
Stock price	\$	0.25	\$	0.25
Exercise price	\$	0.1415	\$	0.2500
Expected life (years)		0.28		2
Expected volatility		100%		100%
Discount rate		1.07%		1.07%
Expected dividends		Nil		Nil
Fair Value	\$	86,286	\$	65,282

The following summarizes information about the share purchase warrants outstanding as at July 31, 2022:

Expiry date	Number of warrants outstanding	Exercise price \$	Estimated grant date fair value \$	Weighted average remaining contractual life (in years)
January 6, 2024	496,800	0.2500	65,282	1.440
April 1, 2024	64,920	0.1925	8,722	1.670
May 30, 2025	283,360	0.2117	43,870	2.830
	845,080		117,874	1.922

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Options

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

The following is a summary of changes in options for the year ended July 31, 2022 and 2021:

	2022		2021	
	Number of options outstanding	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
		\$		\$
Opening balance	690,690	0.2389	354,200	0.2389
Granted	2,072,876	0.2500	-	0.0000
Granted on amalgamation	176,716	0.1415	336,490	0.2675
Expired	(177,100)	0.3388	-	0.0000
Ending Balance	2,763,182	0.2346	690,690	0.2389

On January 14, 2022, the Company issued 1,892,876 options to directors, officers and employees for services provided and to be provided. Each option entitles the holder to acquire one common share for \$0.25 for a period of 60 months from the date of issuance. The vesting period is as follows:

- 1,089,543 options vest on the date of issuance
- 371,667 options vest after 12 months from the date of issuance
- 371,666 options vest after 24 months from the date of issuance
- 60,000 options vest after 36 months from the date of issuance

On April 14th, 2022 the Company issued an additional 180,000 options to an officer. Each option entitles the holder to acquire one common share for \$0.25 for a period of 60 months from the date of issuance. The vesting period is as follows:

- 60,000 options vest after 12 months from the date of issuance
- 60,000 options vest after 24 months from the date of issuance
- 60,000 options vest after 36 months from the date of issuance

The Company estimated the aggregate fair value of the options granted during they year using the Black-Scholes option pricing model using the following assumptions:

	Issued on Amalgamation	January 14, 2022	April 14, 2022
Number of warrants issued	176,716	1,892,876	180,000
Weighted average inputs:			
Stock price	\$ 0.25	\$ 0.25	\$ 0.25
Exercise price	\$ 0.25	\$ 0.25	\$ 0.25
Expected life (years)	1.49	5	5
Expected volatility	100%	100%	100%
Discount rate	1.07%	1.56%	2.59%
Expected dividends	Nil	Nil	Nil
Fair Value	\$ 27,065	\$ 344,457	\$ 11,209

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The following summarizes information about the options outstanding at July 31, 2022:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price	Recognized estimated grant date fair value	Weighted average remaining contractual life (in years)
July 5, 2023	176,716	176,716	\$ 0.1415	27,065	0.929
February 7, 2024	159,390	159,390	\$ 0.1883	21,506	1.515
January 6, 2027	277,876	277,876	\$ 0.2500	51,867	4.460
January 14, 2027	1,615,000	811,667	\$ 0.2500	209,972	4.460
April 14, 2027	180,000	-	\$ 0.2500	2,499	4.707
May 30, 2027	354,200	354,200	\$ 0.2117	65,311	7.781
	2,763,182	1,779,849		378,220	4.506

The Company recognized share-based compensation expense related to the issuance of stock options for the year ended July 31, 2022 of \$305,519 (2021 - \$65,958)

The outstanding options and warrants disclosed above were anti-dilutive for the current year and did not impact the calculation of the loss per share.

14. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company.

Year Ended July 31,	2022	2021
	\$	\$
Consulting fees, payroll and other benefits	383,803	95,021
Share-based compensation	224,704	41,736
	608,507	136,757

For the year ended July 31, 2022, rent expense incurred with an officer of the Company was \$1,274 (2021 - \$3,057).

15. Income Taxes

The income tax recovery differs from the amount obtained by applying the statutory income tax rate of 26.50% (2021 – 26.50%) to the loss before income taxes for the year and is reconciled as follows:

	2022	2021
	\$	\$
Loss before income taxes	(2,776,155)	(491,841)
Expected income tax recovery	(735,681)	(130,338)
Share issuance costs	(41,876)	(4,310)
Share based compensation	79,744	21,786
Non-cash listing expense	213,008	-
Other	(5,106)	(29,987)
Change in unrecognized deferred tax assets	489,911	142,849
Effective tax expense	-	-

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The significant components of the Company's deferred tax assets that have not been included in the consolidated statement of financial position are as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Non-capital loss carryforwards	1,547,624	1,085,520
Share issuance costs	38,661	12,919
Other	13,903	11,838
	<u>1,600,188</u>	<u>1,110,277</u>
Valuation allowance	<u>(1,600,188)</u>	<u>(1,110,277)</u>
	<u>-</u>	<u>-</u>

Net deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company will be able to use these benefits.

As at July 31, 2021 the Company had non-capital losses which under certain circumstances can be used to reduce taxable income of future years. The non-capital losses expire as follows:

	\$
In the year ending July 31,	
2035	969,754
2036	212,797
2037	277,640
2038	579,845
2039	1,123,856
2040	405,520
2041	526,507
2042	<u>1,744,173</u>
	<u>5,840,092</u>

16. Capital Disclosures

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue investments and opportunities which contribute to the success of the Company while providing shareholder returns. The company attempts to maximize returns to shareholders by also minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements.

The Company includes equity comprised of share capital, contributed surplus, warrant reserve, options reserve and accumulated deficit in its definition of capital. The Company has financed its operations and capital requirements primarily through the issuance of shares and recently on secured and convertible notes since inception.

The Company manages its capital structure and adjusts it in light of economic conditions and risk characteristics of its underlying assets. The Company may issue new shares or raise debt. The Company is not subject to any externally imposed capital requirements.

17. Contingencies

From time to time the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters is currently not determinable, the Company does not expect that the ultimate costs to resolve these matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flow.

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18. Financial Instruments and Risk Management:

The Company has classified its financial instruments as follows:

	2022	2021
	\$	\$
FVTPL, measured at fair value:		
Assets		
Cash and cash equivalents	429,883	363,447
Short-term investments	33,000	-
Liabilities		
Derivative liability	-	151,106
Financial assets, measured at amortized cost:		
Subscription receipts - held in trust	-	2,390,850
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	163,007	256,514
Subscription receipts liability	-	2,390,850
Long-term loans	-	236,706
Convertible promissory note	-	512,418

The carrying value of the Company's financial instruments approximate their fair value.

Fair values of financial assets and financial liabilities

The Company categorized its financial instruments that are carried at fair value into a three level fair value hierarchy as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities classified as Level 1 include cash balances in the Company's bank account of \$429,883 (2021 - \$363,447) and short-term investments \$33,000 (2021- \$nil).

Level 2: Fair value is based on quoted prices for inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Currently the Company has no level 2 instruments.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. The types of assets and liabilities classified as Level 3 include derivative liability of \$nil (2021 - \$151,106).

The following table details the changes of the Level 3 instruments:

	2022	2021
	\$	\$
Balance, beginning of the year	151,106	-
Value assigned from convertible debenture	-	258,375
Change in fair value	(59,060)	(107,269)
Transfer to equity upon conversion	(92,046)	-
Balance, end of year	-	151,106

The significant unobservable inputs utilized in the estimation of the fair value of the derivative liability primarily relate to management's estimates and judgments of the probability of occurrence of certain financing events as defined within the Notes.

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Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at July 31, 2022 under its financial instruments is approximately \$462,883 all of which was held by a major financial institution in Canada. Management believes the exposure to credit risk with respect to such institutions is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with credit ratings of its banks. Management believes the exposure to interest rate risk is not significant.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

As at July 31, 2022, the Company had cash and cash equivalents and short-term investments of \$462,883 in order to meet current liabilities.

The following obligations existed as at July 31, 2022 and July 31, 2021:

	July 31, 2022		
	Total	less than 1 Year	1 - 5 years
	\$	\$	\$
Accounts payable and accrued liabilities	163,007	163,007	-
	163,007	163,007	-
July 31, 2021			
	Total	less than 1 Year	1 - 5 years
	\$	\$	\$
Accounts payable and accrued liabilities	256,514	256,514	-
Subscription liability	2,390,850	2,390,850	-
Long-term loans	280,578	73,709	206,869
Convertible promissory note	850,000		850,000
	3,777,942	2,721,073	1,056,869

Currency risk

The Company is not currently subject to significant foreign currency risk.

19. Reclassification of comparative figures

The Company has reclassified management fees in the amount of \$145,180 previously classified as Professional fees to corporate management. The Company has also reclassified a marketing contract in the amount of \$8,000 previously classified as professional fees to advertising. These reclassifications have no impact on the net loss and comprehensive loss for the comparative year or on the consolidated statements of financial position, changes in shareholders' equity (deficiency) or cash flows.

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20. Subsequent Events

On September 6, 2022, the 5,352,307 Class B shares were converted to common shares.

On September 15, 2022, 300,000 options issued on January 14 2022, with an exercise price of 0.25 per share, expired unexercised, 90 days after the optionee ceased to be employed.