**NUROSENE HEALTH INC.**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020**
**(In Canadian Dollars)**

# Independent Auditor's Report

MNP LLP

To the Shareholders of Nurosene Health Inc.:

## Opinion

We have audited the financial statements of Nurosene Health Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2021 and September 30, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

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

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s 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. We have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 audit resulting in this independent auditor's report is Robert James Ripley.

MNP LLP

Toronto, Ontario
January 25, 2022

Chartered Professional Accountants
Licensed Public Accountants

**NUROSENE HEALTH INC.**
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

| | Note | September 30, 2021<br>$ | September 30, 2020<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | | **6,286,115** | **1,843,187** |
| Short-Term Investments | | **40,000** | **-** |
| Prepaid Expenses | | **146,554** | **96,368** |
| Other receivables | 12 | **347,655** | **29,978** |
| **Total Current Assets** | | **6,820,324** | **1,969,533** |
| **Non-Current Assets** | | | |
| Intangible Assets | 11 | **1,582,321** | **-** |
| **Total Assets** | | **8,402,645** | **1,969,533** |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | | **458,864** | **142,992** |
| **Total Liabilities** | | **458,864** | **142,992** |
| **Shareholders' Equity** | | | |
| Share capital | 4 | **11,754,122** | **1,951,762** |
| Shares to be issued | 4 | **-** | **135,000** |
| Contributed surplus | 4 | **1,566,466** | **32,244** |
| Accumulated deficit | | **(5,376,807)** | **(292,465)** |
| **Total Shareholders' Equity** | | **7,943,781** | **1,826,541** |
| **Total Liabilities and Shareholders' Equity** | | **8,402,645** | **1,969,533** |

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

Nature and continuance of operations *(note 1)*
Subsequent events *(note 13)*

Approved and authorized for issue by the Board of Directors on January 25, 2022

*"Kevin Taylor"*
Director

*"Andrew Parks"*
Director

**NUROSENE HEALTH INC.**
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020
(Expressed in Canadian dollars)

| | | **Year Ended** | |
|---|---|---|---|
| | **Note** | **September 30, 2021 $** | **September 30, 2020 $** |
| **Expenses:** | | | |
| Sales, general and administrative | 6 | **3,837,227** | **79,274** |
| Research and development | | **-** | **32,000** |
| Share based compensation | 4 | **1,209,162** | **125,435** |
| Transaction costs | | **37,952** | **55,755** |
| **Total Expenses** | | **5,084,341** | **292,464** |
| **Net (loss) and comprehensive (loss)** | | **(5,084,341)** | **(292,464)** |
| Net (loss) per share – basic and diluted | 5 | (0.20) | (0.06) |
| Weighted average number of shares outstanding – basic and diluted | 5 | 25,763,227 | 4,886,489 |

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

**NUROSENE HEALTH INC.**
**Statement of Changes in Shareholders' Equity**
**For the years ended September 30, 2021 and September 30, 2020**
*(Expressed in Canadian dollars)*

| | | Number of Shares | Common Shares $ | Shares to be issued $ | Contributed Surplus $ | Deficit $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Balance, September 30, 2019** | | 100 | 1 | - | - | (1) | - |
| Issuance of common shares, net of expenses | | 17,900,750 | 1,858,570 | - | - | - | 1,858,570 |
| Issuance of common shares for services | | 2,902,125 | 116,085 | - | - | - | 116,085 |
| Issuance of finders' warrants | | - | (22,894) | - | 22,894 | - | - |
| Share based compensation | | - | - | - | 9,350 | - | 9,350 |
| Shares to be issued | | - | - | 135,000 | - | - | 135,000 |
| Net loss for the year | | - | - | - | - | (292,465) | (292,465) |
| **Balance, September 30, 2020** | | 20,802,975 | 1,951,762 | 135,000 | 32,244 | (292,466) | 1,826,540 |
| Issuance of common shares, net of expenses | | 11,809,721 | 8,567,289 | - | - | - | 8,567,289 |
| Issuance of common shares for services | | 970,096 | 1,323,406 | - | - | - | 1,323,406 |
| Issuance of common shares previously unissued | | - | 135,000 | (135,000) | - | - | - |
| Issuance of finders' warrants | | - | (395,762) | - | 395,762 | - | - |
| Share based compensation | | - | - | - | 1,209,162 | - | 1,209,162 |
| Finders' warrants exercised | 4 | 84,819 | 96,031 | - | (37,906) | - | 58,125 |
| Stock Options Exercised | 4 | 104,000 | 76,396 | - | (32,796) | - | 43,600 |
| Net loss for the year | | - | - | - | - | (5,084,341) | (5,084,341) |
| **Balance, September 30, 2021** | | 33,771,611 | 11,754,122 | - | 1,566,466 | (5,376,807) | 7,943,781 |

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

**NUROSENE HEALTH INC.**
**Statement of Cash Flows**
**For the years ended September 30, 2021 and September 30, 2020**
*(Expressed in Canadian dollars)*

| | Note | Year ended September 30, 2021 $ | Year ended September 30, 2020 $ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net loss and comprehensive loss for the year | | (5,084,341) | (292,464) |
| Items not affecting cash: | | | |
| Shares issued for services | 4 | 1,323,406 | 116,085 |
| Share based compensation | 4 | 1,209,162 | 9,350 |
| Changes in non-cash working capital items: | | | |
| Decrease in prepaid expenses | | (50,186) | (96,368) |
| Increase in other receivables | | (317,677) | (29,978) |
| Increase in short-term investments | | (40,000) | |
| Increase in accounts payable and accrued liabilities | | 315,871 | 142,992 |
| Increase in intangible assets | 11 | (1,582,321) | |
| **Cash flow used in operating activities** | | (4,226,086) | (150,383) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of common shares, net | 4 | 8,669,014 | 1,858,570 |
| Proceeds from shares to be issued | 4 | - | 135,000 |
| **Cash flow from financing activities** | | 8,669,014 | 1,993,570 |
| **Increase in Cash and Cash Equivalents** | | 4,442,928 | 1,843,187 |
| Cash, beginning of year | | 1,843,187 | - |
| **Cash, end of year** | | 6,286,115 | 1,843,187 |

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

## 1. Nature and Continuance of Operations

Nurosene Health Inc. (the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on May8, 2019 under the name "2695174 Ontario Inc." On June 19, 2020, the Company changed its name from "2695174 Ontario Inc." to "Nurosene Inc.". On March 26, 2021, the Company completed a continuance from the *Business Corporations Act* (Ontario) to the *Business Corporations Act* (British Columbia). In connection with the continuance, the Company changed its name to “Nurosene Health Inc.”.

The Company's head office is located at 1655 Dupont Street, Suite 101, Toronto, Ontario M6P 3T1 and its registered office is located at 500 Burrard Street, Suite 2900, Vancouver, British Columbia V6C 0A3.

*Negative Operating Cash Flow*

The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and it is expected that significant capital investment will be required to begin earning revenue. The Company’s ability to generate revenues and potential to become profitable will depend largely on the ability to develop and market products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable.

*Additional Financing*

To date, the Company has no significant source of revenue to fund all of its operational needs and will require significant additional financing to continue its operations. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's deployment of its products. Additional financing may dilute the ownership interest of the Company's shareholders at the time of the financing, and may dilute the value of their investment.

*Uncertainty of Additional Capital*

The Company anticipates expending substantial funds to carry out the development, distribution and development of its products. The Company has been successful in raising funds from the issuance of shares (note 4). Therefore, the Company’s ability to obtain additional financing is enough to assume that the Company will continue as a going concern.

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

## 2. Basis of Presentation

*(a) Statement of compliance*

These annual financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The accounting policies set out below have been applied consistently to all periods presented.

*(b) Basis of presentation*

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

*(c) Functional and presentation currency*

The Company's functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

*(d) Use of estimates and judgements*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

*Fair value of stock options, restricted share units and warrants*

Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options, restricted share units and warrants. Use of this method requires management to make assumptions and estimates about theexpected life of options, the risk free rate, and the volatility of the Company's share price. In making theseassumptions and estimates, management relies on historical market data.

*Intangible Assets*

Management regularly assesses the recoverability of intangible assets not ready for use at least annually and identifies the best methodology to reflect the fair value of these intangible assets. Management uses the replacement cost method to evaluate the fair value because the costs of these intangible assets were incurred in the past year and the cost to reperform the work is relatively stable.

*Share Based Payments*

In situations where equity instruments are issued to non-employees, shares issued are recognized at the fair value of services or goods received by the entity. In situations where some or all of the goods or services received by the entity as consideration cannot be estimated reliably, they are measured at the fair value of the equity instrument granted. The fair value of the share-based payments is recognized together with a corresponding increase in equity over a period that services are provided or goods are received.

## 3. Significant Accounting Policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying financial statements are set out below:

Cash

Cash in the statement of financial position is comprised of cash held at a major Canadian financial institution. As at September 30, 2021, all the cash on hand was held at a major financial institution. As at September 30, 2020, $747,964 and $1,095,223 were held at a major financial institution and lawyer's trust account, respectively.

Intangible Assets

Expenditure on research activities is recognised in profit or loss as incurred.

The Company recognizes Intangible Assets as per IAS 38. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Financial instruments

Effective May 8, 2019 (date of incorporation), the Company has adopted IFRS 9 Financial Instruments, replacing existing standards and interpretations, including IAS 39 Financial Instruments: Recognition and Measurement. The application of IFRS 9 has not resulted in any differences between the previous carrying amounts and the carrying amounts at the date of initial application of IFRS 9. The adoption of IFRS 9 resulted in changes in accounting policies which are described below.

## 3. Significant Accounting Policies (continued)

Financial instruments (continued)
*Classification*

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through profit or loss (FVTPL)
3. Measured at fair value through other comprehensive income (FVOCI)

The classification under IFRS9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cashflows and for which those cashflows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

1. Held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

*Measurement*

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

**3. Significant Accounting Policies (continued)**

Financial instruments (continued)

Fair value through profit or loss – Changes in fair value after initial recognition, whether realized or not, are recognized through the statement of loss and comprehensive loss. Income arising in the form of interest, dividends, or similar, is recognized through the statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Fair value through other comprehensive income – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

*Impairment*

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

*Derecognition*

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the statement of loss and comprehensive loss.

Financial liabilities – The Company derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

Loss per common share, basic and diluted

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. Share purchase warrants have been excluded from the calculation of diluted loss per share because their effect is anti-dilutive.

**3. Significant Accounting Policies (continued)**

Income taxes

Income taxes are comprised of current and deferred tax. Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case the income tax is also recognized directly in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Stock-based compensation and issuance of stock for non-cash consideration

The Company records stock-based compensation related to employee, director and consultant stock options granted using the estimated fair value of the options at the date of grant. The estimated fair value is expensed as employee benefits over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related services and non-market performance conditions at the vesting date. The corresponding charge is to contributed surplus. Any consideration paid on the exercise of stock options is credited to common shares.

The Company estimates the fair value of stock options granted using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions including, among other things, estimates regarding the length of time an employee, director or consultant will retain vested stock options before exercising them, the estimatedvolatility of the Company's common share price and the number of options that will be forfeited prior to vesting. Changes in these estimates and assumptions can materially affect the determination of the fair value of stock- based compensation and consequently, the related amount recognized in the Company's statements of loss andcomprehensive loss.

For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of goods and services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it measures their value by reference to the fair value of the equity instrument granted. Transactions measured by reference to the fair value of the equity instrument granted have their fair values re-measured each vesting and reporting date until fully vested.

## 3. Significant Accounting Policies (continued)

Standards issued and effective for the year ended September 30, 2021:

*Conceptual Framework*

The Company adopted the revised Conceptual Framework for Financial Reporting ("revised conceptual framework"). The revised conceptual framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. The adoption of the revised conceptual framework did not have a material impact on the consolidated financial statements.

*Definition of a Business*

The Company adopted the IASB amendment regarding the definition of a business under IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The adoption of the amendment to IFRS 3 did not have a material impact on the consolidated financial statements.

## 4. Shareholders' Equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares.

Outstanding share capital

As at September 30, 2021, the Company's outstanding share capital is entirely composed of common shares.

## 4. Shareholders' Equity (continued)

| | | Number of shares | Amount $ |
|---|---|---|---|
| **Balance, September 30, 2019** | | - | - |
| Issuance upon incorporation | | 100 | 1 |
| **Balance, June 30, 2020** | | **100** | **1** |
| Issuance of common shares at $0.01 | (1) | 6,650,000 | 66,500 |
| Issuance of common shares at $0.04 | (2) | 7,180,000 | 287,200 |
| Issuance of common shares at $0.04 for services | (2) | 2,902,125 | 116,085 |
| Issuance of common shares at $0.40 - Tranche 1 | (3) | 1,518,750 | 607,500 |
| Issuance of common shares at $0.40 - Tranche 2 | (4) | 1,022,500 | 409,000 |
| Issuance of common shares at $0.40 - Tranche 3 | (5) | 1,529,500 | 611,800 |
| Less share issuance cost | (6) | - | (123,430) |
| Allocated to warrants | | - | (22,894) |
| **Balance, September 30, 2020** | | **20,802,975** | **1,951,762** |
| Issuance of Common Shares at $0.40 | (7) | 1,587,500 | 635,000 |
| Less share issuance cost | (8) | - | (165,440) |
| Issuance of Common Shares at $0.40 for services | (9) | 35,000 | 14,000 |
| Issuance of common shares previously unissued | (10) | - | 135,000 |
| Issuance of finders' warrants | (11) | - | (15,879) |
| Issuance of Common Shares at $0.81 for services | (12) | 493,827 | 400,000 |
| Issuance of Common Shares at $0.90 | (13) | 10,222,221 | 8,097,729 |
| Issuance of Common Shares at $0.90 for services | (14) | 55,555 | 50,000 |
| Issuance of finders' warrants | (15) | - | (379,883) |
| June Exercise of Warrants and Options | (16) | 24,000 | 11,600 |
| July Exercise of Warrants | (17) | 16,424 | 6,570 |
| Issuance of Common Shares at $2.10 for services | (18) | 385,714 | 859,406 |
| September Exercise of Warrants and Options | (19) | 148,395 | 83,556 |
| Release from Contributed Surplus for Warrant/Option Exercises | | - | 70,702 |
| **Balance, September 30, 2021** | | **33,771,611** | **11,754,122** |

1) On June 16, 2020, the Company issued 6,650,000 common shares valued at $0.01 per share for gross proceeds of $66,500.

2) On June 24, 2020, the Company issued 7,180,000 common shares valued at $0.04 per share for gross proceeds of $287,200 and 2,902,125 common shares valued at $0.04 to consultants of the Company for consulting services performed, of which 2,332,500 common shares were issued to directors and officers of the Company. Shares were valued with reference to recent private placements.

3) On August 20, 2020, the Company completed a non-brokered private placement through the issuance of 1,518,750 common shares valued at $0.40 per share for gross proceeds of $607,500.

4) On September 8, 2020, the Company completed a non-brokered private placement through the issuance of 1,022,500 common shares valued at $0.40 per share for gross proceeds of $409,000.

5) On September 23, 2020, the Company completed a non-brokered private placement through the issuance of 1,529,500 common shares valued at $0.40 per share for gross proceeds of $611,800.

6) The Company incurred share issuance costs totalling $146,324 in connection to tranche 1 to tranche 3 of the non-brokered private placement at $0.40 per share. The costs consisted of $30,375 in the form of finder's fee, finders' share purchase warrants fair valued at $22,894, and legal fees of $93,055.

**4. Shareholders' Equity (continued)**

7) On October 1, 2020, the Company completed a non-brokered private placement through the issuance of 1,587,500 common shares valued at $0.40 per share for gross proceeds of $635,000.

8) The Company incurred share issuance costs totalling $165,440 in connection to the October 1, 2020 non-brokered private placement at $0.40 per share.

9) On October 1, 2020, the Company issued 35,000 common shares valued at $0.40 per share to consultants of the Company for consulting services performed. The shares were valued with reference to the October 1, 2020 private placements.

10) On October 1, 2020, common shares of the Company that were paid for but not issued at September 30, 2020, were issued.

11) On October 1, 2020, 76,100 Finders' Warrants of the Company were issued with an exercise price of $0.40 per share expiring October 1, 2022 related to the non-brokered private placement.

12) On June 8, 2021, the Company issued 493,827 common shares valued at $0.81 per share to Tribal Scale, consultants of the Company for consulting services performed. These shares were valued with reference to the Consulting Agreement Statement of Work.

13) On June 9, 2021, the Company issued 10,222,221 common shares valued at $0.90 per share as part of the Company's Initial Public Offering. Gross proceeds of the offering were $9,200,000 with $1,102,270 of transactions costs for net proceeds of $8,097,729. Transaction costs related to the Initial Public Offering consisted largely of legal fees and agent fees.

14) On June 9, 2021, the Company issued 55,555 common shares valued at $0.90 per share for services performed. These shares were valued with reference to the June 9, 2021 Initial Public Offering.

15) On June 9, 2021, 606,667 Finders' Warrants of the Company were issued with an exercise price of $0.90 per share expiring on June 8, 2023.

16) During the month of June, 2021, 4,000 options and 20,000 warrants were exercised at a price of $0.90 and $0.40 respectively, to purchase 24,000 common shares for gross proceeds of $11,600.

17) During the month of July, 2021, 16,424 warrants were exercised at a price of $0.40, to purchase 16,424 common shares for gross proceeds of $6,570.

18) On August 12, 2021, the Company issued 385,714 common shares valued at $2.10 per share to consultants of the Company for consulting services performed.

## 4. Shareholders' Equity (continued)

19) During the month of September, 2021, 100,000 options and 48,395 warrants were exercised at a price of $0.40 and $0.90 respectively, to purchase 148,395 common shares for gross proceeds of $83,556.

Stock options

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed in the aggregate 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price ofthe common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

| | Number of options | Weighted average exercise price |
|---|---|---|
| | | $ |
| **Balance, May 8, 2019, September 30, 2019** | - | - |
| Granted | 100,000 | 0.40 |
| **Balance, September 30, 2020** | 100,000 | 0.40 |
| Granted | 3,015,000 | 1.10 |
| Exercised | (104,000) | 0.42 |
| Forfeit | (180,000) | 0.90 |
| **Balance, September 30, 2021** | 2,831,000 | 1.20 |

| Grant date | Exercise price ($) | Weighted average remaining life (years) | Number of options outstanding | Number of options exercisable |
|---|---|---|---|---|
| **September 14, 2020** | 0.40 | 4.21 | - | - |
| **December 4, 2020** | 0.40 | 1.25 | 200,000 | 200,000 |
| **June 8, 2021** | 0.90 | 4.91 | 260,000 | 260,000 |
| **June 9, 2021** | 0.90 | 4.94 | 1,596,000 | 103,600 |
| **June 25, 2021** | 2.60 | 4.99 | 350,000 | 55,000 |
| **July 13, 2021** | 1.91 | 4.79 | 100,000 | 10,000 |
| **August 3, 2021** | 2.15 | 4.84 | 125,000 | - |
| **August 23, 2021** | 1.69 | 9.90 | 70,000 | 70,000 |
| **August 25, 2021** | 1.70 | 4.90 | 40,000 | - |
| **August 27, 2021** | 1.73 | 4.91 | 20,000 | - |
| **September 6, 2021** | 1.69 | 9.94 | 70,000 | 70,000 |
| | 0.40 | 4.21 | 2,831,000 | 768,600 |

On September 14, 2020, the Company issued 100,000 options to a consultant. The options have an exercise price of $0.40 and expire on September 14, 2025. 25% of the options vest immediately upon issuance and remaining 75% will vest six months after the grant date.

**4. Shareholders' Equity (continued)**

Stock options (continued)

On December 4, 2020 the Company issued 200,000 options to a consultant. The options have an exercise price of $0.40 and expire on December 4, 2022. The options vest immediately upon issuance.

On June 8, 2021 the Company issued 260,000 options to consultants of the Company. The options have an exercise price of $0.90 and expire on June 8, 2026. The options vest immediately upon issuance.

On June 9, 2021 the Company issued 1,780,000 options to various consultants and advisors of the Company. The options have an exercise price of $0.90 and expire on June 9, 2026. The options have various vesting terms ranging from immediately to over three years.

On June 25, 2021, the Company issued 350,000 options to consultants of the Company. The options have an exercise price of $2.60 and expire on June 25, 2026. The options have various vesting terms ranging from immediately to over three years.

On July 13, 2021, the Company issued 100,000 options to a consultant of the Company. The options have an exercise price of $1.91 and expire on July 13, 2026. The options have vesting terms 10% immediately on issuance and the remaining evenly on each anniversary date of the next two years.

On August 3, 2021, the Company issued 125,000 options to a consultant of the Company. The options have an exercise price of $2.15 and expire on August 3, 2026. The options have vesting terms over two years.

On August 23, 2021, the Company issued 70,000 options to a consultant of the Company. The options have an exercise price of $1.69 and expire on August 23, 2031. The options vest immediately upon issuance.

On August 25, 2021, the Company issued 40,000 options to consultants of the Company. The options have an exercise price of $1.70 and expire on August 25, 2026. The options vest on each anniversary date of the next three years.

On August 27, 2021, the Company issued 20,000 options to a consultant of the Company. The options have an exercise price of $1.73 and expire on August 27, 2026. The options vest on each anniversary date of the next two years.

On September 3, 2021, the Company issued 70,000 options to a consultant of the Company. The options havean exercise price of $1.69 and expire on September 3, 2031. The options vest immediately upon issuance.

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumption:

| | |
|---|---|
| Volatility | 100% to 150% |
| Risk-free interest rate | 0.24% to 0.48% |
| Expected life (years) | 2-10 years |
| Dividend yield | Nil |
| Forfeiture rate | Nil |
| Share price | $0.40 - 2.60 |

The compensation expense and charge to contributed surplus relating to the vesting of stock options for the year ended September 30, 2021 was $1,200,911 (2020 – $9,350).

## 4. Shareholders' Equity (continued)

Restricted Share Units

The Company issued the following restricted share units to consultants of the Company during the year ended September 30, 2021 (2020: nil).

| Grant date | Number of units issued | Number of units outstanding | Number of units exercisable |
|---|---|---|---|
| June 17, 2021 | 50,000 | 50,000 | - |
| June 25, 2021 | 100,000 | 100,000 | 100,000 |
| | 150,000 | 150,000 | 100,000 |

Share purchase warrants

Each warrant entitles the holder to purchase one common share at a set price, at the option of the holder for a set period of time. The following table sets out information regarding warrants issued by the Company:

| | | Number of warrants | Weighted average exercise price $ |
|---|---|---|---|
| **Balance, May 8, 2019, September 30, 2019** | | | |
| Issuance of finders' warrants - Tranche 1 | (i) | 75,938 | 0.40 |
| Issuance of finders' warrants - Tranche 2 | (ii) | 5,000 | 0.40 |
| Issuance of finders' warrants - Tranche 3 | (iii) | 28,750 | 0.40 |
| **Balance, September 30, 2020** | | 109,688 | - |
| Issuance of finders' warrants - Tranche 4 | (iv) | 76,100 | 0.40 |
| Issuance of finders' warrants - Public Offering | (v) | 606,667 | 0.90 |
| Warrants Exercised during the Year | | (84,819) | |
| **Balance, September 30, 2021** | | 707,636 | - |

## 4. Shareholders' Equity (continued)

Share purchase warrants (continued)

During the years ended September 30, 2020 and September 30, 2021 , the Company issued:

i) 75,938 finders' share purchase warrants with exercise price of $0.40 per share, expiring in August 20, 2022;

ii) 5,000 finders' share purchase warrants with exercise price of $0.40 per share, expiring in September 8, 2022;

iii) 28,750 finders' share purchase warrants with exercise price of $0.40 per share, expiring in September 23, 2022, as part of the non-brokered private placement that took place on in August and September, 2020. Share issuance cost of $22,894 has been recognized as a result of these issuances.

iv) 76,100 finders' share purchase warrants with an exercise price of $0.40 per share expiring October 1, 2022.

v) 606,667 finders' share purchase warrants with an exercise price of $0.90 per share expiring on June 9, 2023.

The fair value of the Company's finders' warrants was estimated using the Black-Scholes option pricing model using the following assumption:

| | |
|---|---|
| Volatility | 100% to 145% |
| Risk-free interest rate | 0.24% to 0.32% |
| Expected life (years) | 2 years |
| Dividend yield | Nil |
| Forfeiture rate | Nil |
| Share price | $0.40 - 0.90 |

As at September 30, 2021, 707,636 warrants were outstanding (2020: 109,688).

## 5. Loss Per Share

| | Year Ended | |
|---|---|---|
| | September 30, 2021<br>$ | September 30, 2020<br>$ |
| **Net loss for the year/period** | **(5,084,341)** | **(292,464)** |
| **Weighted average number of shares for basic loss per share** | **25,763,227** | **4,886,489** |
| **Basic and diluted loss per share** | **(0.20)** | **(0.06)** |

The basic and dilutive loss per share are the same as the share purchase warrants and were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

## 6. Sales, General and Administrative

| Item | Year Ended September 30, 2021 $ | Year ended September 30, 2020 $ |
|---|---|---|
| Advertising and promotion | 2,129,322 | 4,500 |
| Consulting fees | 1,241,793 | 19,528 |
| Professional fees | 179,015 | 54,775 |
| Office and miscellaneous | 189,717 | 471 |
| Payroll | 97,380 | - |
| **Total** | 3,837,227 | 79,274 |

Sales, general and administrative expenses consisted primarily of advertising and promotion expenditure and consulting fees. The Company issued 970,096 common shares for a total compensation of $1,323,406 for services, primarily composed of consulting fees and advertising and promotion.

## 7. Related Party Transactions

Key management includes directors and officers of the Company.

A total of nil common shares were issued to key management for a total compensation of $Nil during the year ended September 30, 2021 (2020: 1,717,000 shares valued at $68,680).

A total of $439,475 in total cash compensation was issued to key management during the year ended September30, 2021 (2020: $nil).

## 8. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, contributed surplus and accumulated deficit. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administrative expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through offerings of common shares.

There have been no changes to the Company's objectives and what it manages as capital since inception. The Company is not subject to externally imposed capital requirements.

## 9. Financial Instruments and Risk Management

*Financial Instruments*

The Company has classified its cash as fair value through profit and loss ("FVTPL"). Other receivables have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities.

The carrying values of cash, other receivables and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

*Fair Value Hierarchy*

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3 – inputs for assets and liabilities not based upon observable market data

*Financial Risk Factors*

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

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company's cash is held at a major financial institution and lawyer's trust accounts. The Company's receivables are due from the CRA for HST/GST refunds. The Company regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. All of the Company's financial liabilities are due within one year.

## 10. Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

| | September 30, 2021 | September 30, 2020 |
|---|---|---|
| | $ | $ |
| **Loss before income taxes** | (5,084,341) | (292,464) |
| **Effective Tax Rate** | 26.5% | 26.5% |
| **Expected income tax (recovery)** | (1,347,350) | (77,503) |
| **Tax Effects of:** | | |
| Permanent Differences | 321,243 | 30,232 |
| Share issuance costs booked directly to equity | (335,943) | (32,709) |
| Book to Filing Adjustments | (34,581) | - |
| Change in unrecognized deferred income tax assets | 1,396,631 | 77,502 |
| **Deferred income tax recovery** | - | - |

**Unrecognized deferred tax assets:**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Non-capital loss carry forward | 4,435,694 | 192,115 |
| Share issuance costs | 1,127,075 | 100,344 |
| **Total** | 5,562,769 | 292,459 |

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2025. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

| YEAR | $ |
|---|---|
| 2038 | 1 |
| 2039 | 136,308 |
| 2040 | 139,371 |
| 2041 | 4,160,014 |
| | 4,435,694 |

## 11. Intangible Assets

During the year ended September 30, 2021, the Company capitalized a total of $1,582,321 (2020: Nil) relating to development of the mobile application.

The Company entered the development stage of the application. These costs have been capitalized and recognized as an internally developed intangible asset. No costs previously incurred have been capitalized regarding development of intangible assets. Costs are capitalized on the basis of IAS 38.

## 12. Other Receivables

As at September 30, 2021 the Company holds $347,655 (2020: $29,978) in other receivables comprised of GST/HST receivables.

## 13. Subsequent events

On October 15, 2021, the Company acquired all of the issued and outstanding securities of NetraMark Corp., a privately held company, for a purchase price of CAD$15,000,000 paid as follows to shareholders of NetraMark: (i) 6,148,325 common shares of the Company at a price of approximately $2.09 ("Purchase Shares") representing an amount of CAD$12,850,000 and (ii) CAD$2,150,000 in cash subject to a $200,000 holdback.The Purchase Shares are subject to a contractual escrow ranging from 12 to 36 months.