BNSELLIT TECHNOLOGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

Kenway Mack
Slusarchuk Stewart LLP
Chartered Professional Accountants

Independent Auditors' Report

To: The Shareholders of **BNSELLIT TECHNOLOGY INC.**

Opinion

We have audited the consolidated financial statements of BNSELLIT TECHNOLOGY INC. and its subsidiary (collectively the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022 and 2021 and the consolidated statements of net and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and the results of its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates that at December 31, 2022 the Company incurred a net and comprehensive loss of $1,794,703. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and not otherwise addressed in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined that there are no key audit matters to be communicated in our auditors' report.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in 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 audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 our 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 consolidated 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this Independent Auditors' report is Roland Bishop, CPA, CA.

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants

April 25, 2023
Calgary, Alberta

BNSELLIT TECHNOLOGY INC.
Consolidated Statements of Financial Position

As at December 31		2022		2021
Assets				
Current assets				
Cash	$	105,394	$	477,951
Accounts receivable		22,070		-
Prepaid expenses		9,251		7,680
GST/HST receivable		54,540		58,888
		191,255		544,519
Deposits		28,830		28,973
Equipment (note 6)		2,932		3,331
Right of use asset (note 8)		84,649		186,229
Intellectual property (note 7)		1,137,585		1,312,598
Total assets	$	1,445,251	$	2,075,650
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	79,099	$	123,268
Bridge loan (note 10)		206,419		-
Current portion of convertible debentures (note 9)		136,733		-
Lease liability (note 8)		87,400		99,286
		509,651		222,554
Convertible debentures (note 9)		318,016		-
Lease liability (note 8)		-		87,400
		318,016		87,400
Total liabilities		827,667		309,954
Shareholders' equity				
Share capital (note 11)		2,987,547		2,634,213
Contributed surplus (note 11)		242,780		-
Equity portion of debentures (note 9)		50,477		-
Deficit		(2,663,220)		(868,517)
Total shareholders' equity		617,584		1,765,696
Total liabilities and shareholders' equity	$	1,445,251	$	2,075,650

NOTES:

Going concern (note 2)
Subsequent events (note 16)

Approved on behalf of the Board

"Evan Baergen" Director   "Doug McCartney" Director

See accompanying notes to consolidated financial statements.

BNSELLIT TECHNOLOGY INC.
Consolidated Statements of Net and Comprehensive Loss

For the periods ended December 31		2022		2021 (from incorporation on February 4, 2021)
Net revenue				
Revenue	$	9,544	$	216
Expenses				
Salaries, wages and benefits		530,089		192,322
Share based compensation (note 11(b))		242,780		-
Subcontractors		215,758		127,431
Depreciation		277,699		9,053
Professional fees		410,261		454,287
Office and administration		81,435		73,309
Interest and accretion		44,010		973
Travel		2,215		11,358
		1,804,247		868,733
Net and comprehensive loss	$	(1,794,703)	$	(868,517)
Basic and diluted loss per share	$	(0.04)	$	(0.02)
Weighted average number of shares outstanding		46,276,995		39,629,195

See accompanying notes to consolidated financial statements.

BNSELLIT TECHNOLOGY INC.
Consolidated Statements of Changes in Shareholders' Equity

December 31, 2022

	Number of shares	Share capital	Contributed Surplus	Convertible Debentures	Deficit	Total
Balance as at December 31, 2021	45,804,039	$ 2,634,213	$ -	$ -	$ (868,517)	$ 1,765,696
Share issuances (note 11(a))	1,009,526	353,334	-	-	-	353,334
Equity portion of debenture issuances (note 9)	-	-	-	50,477	-	50,477
Stock options issued (note 11(b))	-	-	242,780	-	-	242,780
Net and comprehensive loss for the period	-	-	-	-	(1,794,703)	(1,794,703)
Balance as at December 31, 2022	46,813,565	$ 2,987,547	$ 242,780	$ 50,477	$ (2,663,220)	$ 617,584
Balance as at incorporation	-	$ -	$ -	$ -	$ -	$ -
Share issuances (note 11(a))	45,866,839	2,725,732	-	-	-	2,725,732
Share redemptions (note 11(a))	(62,800)	(62,800)	-	-	-	(62,800)
Share issue costs (note 11(a))	-	(28,719)	-	-	-	(28,719)
Net and comprehensive loss for the period	-	-	-	-	(868,517)	(868,517)
Balance as at December 31, 2021	45,804,039	$ 2,634,213	$ -	$ -	$ (868,517)	$ 1,765,696

See accompanying notes to consolidated financial statements.

BNSELLIT TECHNOLOGY INC.
Consolidated Statements of Cash Flows

For the periods ended December 31	2022	2021 (from incorporation on February 4, 2021)
Operating activities		
Net and comprehensive loss	$ (1,794,703)	$ (868,517)
Non-cash items		
Depreciation	277,699	9,053
Interest and accretion	38,836	973
Share based compensation	242,780	-
Fair value discount on bridge loan	(4,166)	-
Changes in non-cash working capital		
GST/HST receivable	4,348	(58,888)
Accounts receivable	(22,070)	-
Prepaid expenses	(1,571)	-
Deposits	143	(36,653)
Accounts payable and accrued liabilities	(44,169)	123,268
	(1,302,873)	(830,764)
Investing activities		
Purchase of equipment	(707)	(3,919)
Intellectual property expenditures	-	(145,598)
	(707)	(149,517)
Financing activities		
Share issues, net of redemptions	353,334	1,495,932
Issue of convertible debentures	493,000	-
Payments on convertible debentures	(17,525)	-
Advance on bridge loan	210,000	-
Share issue costs	-	(28,719)
Lease payments	(107,786)	(8,981)
	931,023	1,458,232
Increase (decrease) in cash	(372,557)	477,951
Cash, beginning of period	477,951	-
Cash, end of period	$ 105,394	$ 477,951

See accompanying notes to consolidated financial statements.

1. Nature of operations

BNSELLIT TECHNOLOGY INC. and its wholly owned subsidiary BNSELLIT Technology (US) Incorporated (the "Company") were incorporated under the laws of Alberta on February 4, 2021 and Delaware on May 21, 2021 respectively. The Company holds intellectual property related to the BNSELLIT and BNBUYIT applications for iOS and Android operating systems.

The Company's corporate office is at 122 Judge Road, Unit 2, Toronto, ON, M8Z 5B7. The Company's Class A common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol BNSL.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

For the period ended December 31, 2022 the Company incurred a net and comprehensive loss of $1,794,703 (2021 - $868,517) and deficit of $2,663,220 (2021 - $868,517). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon the commercial success of the intellectual property and the Company's ability to raise additional capital or financing which is uncertain. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. Statement of compliance

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The audited financial statements were authorized for issue by the Board of Directors on April 25, 2023.

4. Significant accounting policies

a) Basis of presentation

The consolidated financial statements have been presented in Canadian dollars, which is also the functional currency, on a historical cost basis except for measurement of financial instruments at fair value through profit or loss.

b) Consolidation

Assets, liabilities, income and expenses of the subsidiary are included in the consolidated financial statements from the date that the Company gains control until the date that the Company ceases to control the subsidiary. All intercompany balances and transactions have been eliminated on consolidation.

4. Significant accounting policies, continued

c) BNSELLIT platform intellectual property

BNSELLIT platform intellectual property (the "IP") is measured at cost less accumulated depreciation and impairment losses. The IP is amortized is amortized over its five year useful life upon being put in use.

d) Equipment

Equipment comprises of computer equipment and is stated at cost. Depreciation is provided on a declining balance at a rate of 30%.

e) Impairment of non-financial assets

The non-financial assets are reviewed for indicators of impairment during each financial period and are adjusted if appropriate. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's value in use and fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the lesser of the end of the lease term or the useful life of the underlying asset. The right of use asset is reduced by any impairment losses, if any, and adjusted for re- measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease if readily determinable, or the Company's incremental borrowing rate. The lease payments include fixed and variable payments, residual value guarantees, and the exercise price under a purchase option that the Company is reasonably certain to exercise. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in the expected future lease payments because of a revision to the lease term.

The Company does not recognize right of use assets and lease liabilities for leases of low-value assets and short-term leases of less that twelve months Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

4. Significant accounting policies, continued

g) Revenue recognition

The Company earns transaction fees which are recognized when the corresponding transaction has occurred, the amount can reliably be measured and collection is reasonably assured.

h) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

i) Financial instruments

Recognition
Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification
Financial assets are classified as subsequently measured at amortized cost or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash is subsequently measured at amortized cost.

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement.

The accounts payable and accrued liabilities are subsequently measured at amortized cost.

Measurement
Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently, the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

4. Significant accounting policies, continued

i) Financial instruments, continued

Impairment
Financial assets classified as subsequently measured at amortized cost reflect the Company's assessment of expected credit losses. Expectations reflect historical credit losses, adjusted for forward looking factors. The expected credit loss provision is based on expectations for the next twelve months unless there has been a significant increase in the customer's credit risk, resulting in the provision being based on expectations for the remaining lifetime of the asset.

j) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shares of the Company by the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of in-the-money options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and the exercise of options and warrants that would be anti-dilutive.

k) Share based payments

When share options are granted to officers and directors, pursuant to specific share option agreements, they are accounted for at fair value using accepted valuation techniques and result in compensation expenses when the stock options are issued. The expenses are recognized in the consolidated statements of net and comprehensive loss over the vesting period of the share options granted, with a corresponding amount recorded in contributed surplus. On settlement of the share options, any amount previously recorded in contributed surplus and consideration paid is credited to share capital.

l) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to common shares of the Company at the option of the holder, when the number of common shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in the consolidated statement of net and comprehensive loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

5. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key areas with estimate uncertainties are as follows:

a. Indicators of impairment of IP – Management is required to assess, at each reporting date, whether there are any indicators that the asset may be impaired. Management is required to consider information from both external and internal sources.
b. Fair value of bridge loan and convertible debentures – Management is required to determine the market interest rate for debt of the Company.
c. Share based compensation – Management is required to determine the appropriate valuation model and determine the inputs for the model. The Company has made estimates on the volatility of its shares as well as the interest rate. The Company has used the Black Scholes model.
d. Leases - The Company estimates the incremental borrowing rate used to measure the lease liability for the lease contract.

Key areas with judgments in applying accounting policies are as follows:

a. Going concern – Management is required to make a judgment on whether the Company will be able to continue as a going concern. See note 2.

6. Equipment

	Computer equipment
Cost	
As at incorporation on February 4, 2021	$ -
Additions	3,919
As at December 31, 2021	3,919
Additions	707
As at December 31, 2022	$ 4,626
Accumulated amortization	
As at incorporation on February 4, 2021	$ -
Amortization for the period	588
As at December 31, 2021	588
Amortization for the year	1,106
As at December 31, 2022	$ 1,694
Net Book Value	
As at December 31, 2021	$ 3,331
As at December 31, 2022	$ 2,932

7. BNSELLIT platform intellectual property

The IP was acquired from BNSELLIT CANADA INCORPORATED on May 31, 2021 for $1,167,000 in exchange for common shares as described in note 11. During the period, the Company capitalized additional costs of $Nil (2021 - $145,598) and amortized the IP on a straight line basis over five (5) years for $175,013 (2021 - $Nil).

8. Right of use asset and lease liability

The Company entered into a lease for an office facility during the period. The lease has a term of 23 months and expires October 31, 2023 with an interest rate of 6% per annum.

Right of use asset	
As at incorporation on February 4, 2021	$ -
Additions	194,694
As at December 31, 2021	194,694
Additions	-
As at December 31, 2022	$ 194,694
Accumulated amortization	
As at incorporation on February 4, 2021	$ -
Amortization for the period	8,465
As at December 31, 2021	$ 8,465
Amortization for the period	101,580
As at December 31, 2022	$ 110,045
Net Book Value	
As at December 31, 2021	$ 186,229
As at December 31, 2022	$ 84,649
Lease liability	
As at incorporation on February 4, 2021	$ -
Recognized in the period	194,694
Lease interest	973
Lease payments	(8,981)
As at December 31, 2021	$ 186,686
Lease interest	8,500
Lease payments	(107,786)
As at December 31, 2022	$ 87,400
Less: current portion	(87,400)
As at December 31, 2022	$ -

The Company is committed to future lease payments as follows:
2023 - $89,824

9. Convertible debentures

On June 6, 2022 ($100,000), June 30, 2022 ($46,000), July 4, 2022 ($90,000), September 12, 2022 ($95,000), October 21, 2023 ($112,000) and November 9, 2022 ($50,000) the Company issued 10% convertible debentures in the principal amount of $493,000 (see Note 12).

The convertible debentures mature eighteen months from the issue date and are convertible at any point prior to maturity, at the option of the debenture holders, into Class A common shares of the Company at a price of $0.25 per Class A common share. Interest on the principal amount outstanding is calculated and payable on the 30th of each month and was first payable on June 30, 2022.

If the volume weighted average price of the Class A common shares, on the Canadian Securities Exchange, for 10 consecutive trading days equals or exceed $0.60, the Company may force conversion of all of the principal amount of the convertible debentures at the conversion price, upon giving holder fifteen days advance written notice.

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of $442,523 was determined using a market rate of 17%. The value of the equity component amounted to $50,477.

As at December 31, 2022, the outstanding balances associated with the convertible debenture were as follows:

Liability component of the convertible debenture	**2022**	**2021**
Additions	$ 442,523	$ -
Accretion	12,226	-
Interest	17,525	-
Interest paid	(17,525)	-
	$ 454,749	$ -
Less: Current portion	$ 136,733	-
	$ 318,016	$ -

10. Bridge loan

On December 14, 2022, the Company entered into a $210,000 loan facility with an arms length individual investor. The Loan bears an interest rate of 12%, a 2% structuring fee and is due on or before April 14, 2023.

As at December 31, 2022, the outstanding balances associated with the bridge loan were as follows:

Loan	**2022**	**2021**
Additions	$ 210,000	$ -
Fair value discount	(4,166)	-
Accretion	585	-
Interest and fees	5,174	-
Interest paid	(5,174)	-
	$ 206,419	$ -

11. Share capital

(a) Capital

Authorized with an unlimited number of the following shares:
Class A voting common shares
Class B non-voting common shares

Issued:

Class A common shares	Number of Shares		Value
Balance at incorporation	-	$	-
Issued (i)	45,804,039		2,634,213
Balance at December 31, 2021	45,804,039		2,634,213
Issued (ii)	1,009,526		353,334
Balance as at December 31, 2022	46,813,565	$	2,987,547

(i) During 2021, the Company issued 45,804,039 shares at prices of $0.01 to $0.34 per share. The Company issued 6,019,657 shares for cash consideration of $1,558,732 and 39,705,882 shares in exchange for IP from BNSELLIT CANADA INCORPORATED with the fair value of $1,167,000 determined using estimated replacement cost. Included in the above was the issuance of 78,500 Class B non-voting common shares of which 15,700 were converted into 157,000 Class A voting common shares and 62,800 were redeemed as $1 per share in the period. The Company incurred issue costs of $28,719 on these transactions.

(ii) On July 12, 2022, the Company issued 1,009,526 Class A common shares at a deemed issue price of $0.35 per Class A common shares to settle debt in the amount of $353,334.

(b) Stock option plan

On June 10, 2022 the shareholders of the Company approved a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the trading day. The maximum term of any option cannot exceed ten years. The maximum aggregate number of common shares under option at any time under the Plan shall not exceed 10% of the issued and outstanding Class A common shares on a non-diluted basis at any time.

A summary of the Company's stock option activity for the year ended December 31, 2022 is as follows:

	Number Of Options		Weighted-Average Exercise Price
Outstanding, December 31, 2021	-	$	-
Granted during the period	3,610,000		0.375
Outstanding, December 31, 2022	3,610,000		0.375

On July 20, 2022, the Company granted 3,205,000 stock options to employees, directors and consultants at a price of $0.375 expiring five years from the grant date. On August 9, 2022, the Company granted 105,000 stock options to employees and consultants at a price of $0.375 expiring five years from the grant date. On December 20, 2022, the Company granted 300,000 stock options to an officer at a price of $0.375 expiring 4 years from the grant date. All options vest over two years with one-third vesting immediately, one-third vest one year from the grant date and one-third vest two years from the grant date.

11. Share capital, continued

(b) Stock option plan, continued

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2022 are as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
$0.375	3,610,000	$0.375	4.4	1,203,334	$0.375

12. Related party transactions

During the period, the Company incurred fees for software development services of $Nil (2021 - $130,000) related to setup of the IP which have been capitalized and paid rent expense of $Nil (2021 - $25,000) to a Company with management in common.

During the period, the Company paid wages and related benefits to individuals related to a director of the Company in the amount of $78,667 (2021 - $31,250).

During the period, the Company incurred fees of $23,600 (2021 - $Nil) from a company controlled by a director of the Company for marketing services.

During the period, a Director and Officer of the company subscribed for $32,000 (2021 - $Nil) in the Convertible Debentures (note 9). Interest of $619 (2021 - $Nil) was paid on the Convertible Debentures.

The Company considers key management to be the CEO, CFO, CTO and COO. Key management compensation recognized in wages and related benefits and subcontractors as follows:

		2022		2021
Salaries, consulting and benefits	$	179,450	$	132,500
Share based compensation		89,240		-
	$	268,690	$	132,500

Included in accounts receivable is $15,000 (2021 - $nil) owed from a member of key management.

13. Income taxes

Income taxes reported differ from the amount computed by applying the statutory federal and provincial/state income tax rates to income before income taxes. The reasons for these differences and their tax effects at a rate of 26.5% (2021 – 26.5%) are as follows:

		2022		2021
Net loss before tax	$	(1,794,703)	$	(868,517)
Statutory rate		26.5%		26.5%
Income tax recovery at statutory rate		(475,596)		(230,157)
Depreciation in excess of CCA		46,354		-
Share issue costs and other		(1,524)		(6,730)
Right of use asset and lease liability		(1,222)		-
Accretion		3,428		-
Stock based compensation		64,337		-
Amount not recognized		364,223		236,887
Income tax expense	$	-	$	-

13. Income taxes, continued

The deferred tax asset is comprised of the following:

Non-capital losses carried forward	$	596,260	$	229,916
Share issue costs and other		4,957		6,230
Equipment, right of use asset and lease liability		(107)		741
Total unrecognized deferred tax asset	$	601,110	$	236,887

The Company has Canadian non-capital loss carry forwards of $2,016,869 which expire as disclosed in the table below and US non-capital loss carry forwards of $233,170 which have no set expiry.

Canadian non-capital loss carry forwards expire as follows:

2041	$ 643,341
2042	1,373,528
Total	$2,016,869

14. Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, provide adequate working capital and maintain cash on hand. The Company defines capital as the Company's shareholders' equity. At December 31, 2022 the Company had equity of $617,584 (2021 - $1,765,696). The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

15. Financial instruments and risk management

Fair value measurements

Financial instruments carried at fair value on the statement of financial position are assessed using the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Due to the short term nature of the cash, accounts receivable and accounts payable and accrued liabilities the carrying value approximates its fair value. The bridge loan and convertible debenture have been recorded at fair value using market rates for debt with similar terms.

Liquidity risk

Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of the accounts payable and accrued liabilities, bridge loan and convertible debentures. The accounts payable and accrued liabilities, bridge loan and the current portion of convertible debentures have contractual maturities of less than one year. The long term portion of convertible debentures matures in 2024.

16. Subsequent events

The Company issued $25,000 and $40,000 convertible debentures (see note 9) on January 31, 2023 and March 2, 2023, respectively.

The Company issued 4,689,533 units on April 12, 2023 and April 21, 2023 for gross proceeds of $281,372. Each unit (a "Unit") consists of one common share and one half of one common share purchase warrant with each full warrant exercisable at a price of $0.10 for eighteen (18) months.

The Company settled $388,000 in convertible debentures (note 9) on April 21, 2023 through the issuance of 6,466,670 Units.

The Company settled $91,324 in payables on April 21, 2023 through the issuance of 1,522,067 Units.