

---

**BNSELLIT TECHNOLOGY INC.**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**March 31, 2023**

---

**NOTICE TO READER**

In accordance with National Policy 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited interim condensed consolidated financial statements, which have been prepared by management and approved by the Audit Committee and Board of Directors.

**BNSELLIT TECHNOLOGY INC.**  
**Consolidated Statements of Financial Position**

<b>As at</b>	<b>March 31 2023</b>	<b>December 31 2022</b>
<b>Assets</b>		
Current assets		
Cash	\$ 13,537	\$ 105,394
Accounts receivable	4,434	22,070
Prepaid expenses	4,439	9,251
GST/HST receivable	62,475	54,540
	<u>84,885</u>	<u>191,255</u>
Deposits	28,830	28,830
Equipment (note 6)	2,713	2,932
Right of use asset (note 8)	59,255	84,649
Intellectual property (note 7)	1,071,955	1,137,585
<b>Total assets</b>	<u>\$ 1,247,638</u>	<u>\$ 1,445,251</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 134,928	\$ 79,099
Bridge loan (note 10)	212,869	206,419
Current portion of convertible debentures (note 9)	313,139	136,733
Lease liability (note 8)	61,636	87,400
	<u>722,572</u>	<u>509,651</u>
Convertible debentures (note 9)	<u>209,357</u>	<u>318,016</u>
<b>Total liabilities</b>	<u>931,929</u>	<u>827,667</u>
<b>Shareholders' equity</b>		
Share capital (note 11)	2,987,547	2,987,547
Contributed surplus (note 11)	374,503	242,780
Equity portion of debentures (note 9)	56,460	50,477
Deficit	(3,102,801)	(2,663,220)
<b>Total shareholders' equity</b>	<u>315,709</u>	<u>617,584</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 1,247,638</u>	<u>\$ 1,445,251</u>

**NOTES:**

**Going concern (note 2)**

**Subsequent events (note 15)**

Approved on behalf of the Board

"Doug McCartney" \_\_\_\_\_ Director

"Colin Keddy" \_\_\_\_\_ Director

*See accompanying notes to unaudited interim condensed consolidated financial statements.*

**BNSELLIT TECHNOLOGY INC.**  
**Consolidated Statements of Net and Comprehensive Loss**

<b>For the three months ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>Net revenue</b>		
Revenue	\$ 27,411	\$ 854
Cost of sales	(5,316)	-
	<u>22,095</u>	<u>854</u>
<b>Expenses</b>		
Salaries, wages and benefits	123,184	138,303
Share based compensation (note 11(b))	131,723	-
Subcontractors	26,453	37,986
Depreciation	91,244	25,671
Professional fees	35,320	115,658
Office and administration	20,638	11,470
Interest and accretion	32,113	2,679
Travel	1,001	212
	<u>461,676</u>	<u>331,979</u>
<b>Net and comprehensive loss</b>	<u>\$ (439,581)</u>	<u>\$ (331,125)</u>
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	46,813,565	45,804,039

*See accompanying notes to unaudited interim condensed consolidated financial statements.*

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

	<b>Number of shares</b>	<b>Share capital</b>	<b>Contributed Surplus</b>	<b>Convertible Debentures</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance as at December 31, 2021</b>	45,804,039	\$ 2,634,213	\$ -	\$ -	\$ (868,517)	\$ 1,765,696
Net and comprehensive loss for the period	-	-	-	-	(331,125)	(331,125)
<b>Balance as at March 31, 2022</b>	45,804,039	\$ 2,634,213	\$ -	\$ -	\$ (1,199,642)	\$ 1,434,571
<b>Balance as at December 31, 2022</b>	46,813,565	\$ 2,987,547	\$ 242,780	\$ 50,477	\$ (2,663,220)	\$ 617,584
Equity portion of debenture issuances (note 9)	-	-	-	5,983	-	5,983
Stock options issued (note 11(b))	-	-	131,723	-	-	131,723
Net and comprehensive loss for the period	-	-	-	-	(439,581)	(439,581)
<b>Balance as at March 31, 2023</b>	46,813,565	\$ 2,987,547	\$ 374,503	\$ 56,460	\$ (3,102,801)	\$ 315,709

*See accompanying notes to unaudited interim condensed consolidated financial statements.*

**BSELLIT TECHNOLOGY INC.**  
**Consolidated Statements of Cash Flows**

**For the three months ended March 31** **2023** **2022**

**Operating activities**

Net and comprehensive loss \$ (439,581) \$ (331,125)

Non-cash items

Depreciation	91,244	25,671
Interest and accretion	32,113	2,679
Share based compensation	131,723	-

Changes in non-cash working capital

GST/HST receivable	(7,935)	(8,001)
Accounts receivable	17,636	(64)
Prepaid expenses	4,812	-
Deposits	-	2,008
Accounts payable and accrued liabilities	55,829	71,222
	(114,159)	(237,610)

**Investing activities**

Purchase of equipment	-	(707)
	-	(707)

**Financing activities**

Issue of convertible debentures	65,000	-
Payments on bridge loan and convertible debentures	(15,748)	-
Lease payments	(26,950)	(26,948)
	22,302	(26,948)

**Decrease in cash** (91,857) (265,265)

**Cash, beginning of period** 105,394 477,951

**Cash, end of period** \$ 13,537 \$ 212,686

*See accompanying notes to unaudited interim condensed consolidated financial statements.*

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**1. Nature of operations**

BSELLIT TECHNOLOGY INC. and its wholly owned subsidiary BSELLIT 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 BSELLIT 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 unaudited interim condensed 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.

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 unaudited interim condensed 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**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These unaudited interim condensed consolidated financial statements do not include all of the information required for full annual audited financial statements and should be read in conjunction with the Company's annual audited financial statements which have been prepared in accordance with IFRS.

The unaudited interim condensed financial statements were authorized for issue by the Board of Directors on May 30, 2023.

**4. Accounting policies**

These unaudited interim condensed consolidated financial statements of the Company have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements at December 31, 2022. The disclosures included below are incremental to those included in the annual audited financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited financial statements and notes thereto for the year ended December 31, 2022.

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**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**

	<b>Computer equipment</b>
<b>Cost</b>	
As at December 31, 2021	3,919
Additions	707
As at December 31, 2022	<u>\$ 4,626</u>
As at March 31, 2023	<u>\$ 4,626</u>
<b>Accumulated amortization</b>	
As at December 31, 2021	588
Amortization for 2022	1,106
As at December 31, 2022	<u>\$ 1,694</u>
Amortization for the quarter	219
As at March 31, 2023	<u>\$ 1,913</u>
<b>Net Book Value</b>	
As at December 31, 2022	<u>\$ 2,932</u>
As at March 31, 2023	<u>\$ 2,713</u>

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**7. BSELLIT platform intellectual property**

	<b>Intellectual property</b>
<b>Cost</b>	
As at December 31, 2022	\$ 1,312,598
As at March 31, 2023	<u>\$ 1,312,598</u>
<b>Accumulated amortization</b>	
As at December 31, 2021	\$ -
Amortization for 2022 (\$Nil for the three months ended March 31, 2022)	175,013
As at December 31, 2022	<u>\$ 175,013</u>
Amortization for the quarter	65,630
As at March 31, 2023	<u>\$ 240,643</u>
<b>Net Book Value</b>	
As at December 31, 2022	<u>\$ 1,137,585</u>
As at March 31, 2023	<u>\$ 1,071,955</u>

**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.

<b>Right of use asset</b>	
As at December 31, 2022	\$ 194,694
As at March 31, 2023	<u>\$ 194,694</u>
<b>Accumulated amortization</b>	
As at December 31, 2022	\$ 110,045
Amortization for the period (\$25,395 - three months ended March 31, 2022)	25,394
As at December 31, 2022	<u>\$ 135,439</u>
<b>Net Book Value</b>	
As at December 31, 2022	<u>\$ 84,649</u>
As at March 31, 2023	<u>\$ 59,255</u>
<b>Lease liability</b>	
As at December 31, 2022	\$ 87,400
Lease interest (\$2,6795 - three months ended March 31, 2022)	1,183
Lease payments (\$26,948 - three months ended March 31, 2022)	<u>(26,947)</u>
As at March 31, 2023	\$ 61,636
Less: current portion	<u>(61,636)</u>
As at March 31, 2023	<u>\$ -</u>

The Company is committed to future lease payments as follows:  
2023 - \$62,875



**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**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), November 9, 2022 (\$50,000), January 31, 2023 (\$25,000), February 28, 2023 (\$15,000) and March 2, 2023 (\$25,000) the Company issued 10% convertible debentures in the principal amount of \$558,000 (see Note 12 and Note 15).

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 30<sup>th</sup> 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 \$501,540 (December 31, 2022 - \$442,523) was determined using a market rate of 17%. The value of the equity component amounted to \$56,460 (December 31, 2022 - \$50,477).

As at March 31, 2023, the outstanding balances associated with the convertible debenture were as follows:

	<b>March 31</b>	<b>December 31</b>
<b>Liability component of the convertible debenture</b>	<b>2023</b>	<b>2022</b>
Opening balance	\$ 454,749	\$ -
Additions (\$Nil - three months ended March 31, 2022)	59,017	442,523
Accretion (\$Nil - three months ended March 31, 2022)	8,730	12,226
Interest (\$Nil - three months ended March 31, 2022)	12,886	17,525
Interest paid (\$Nil - three months ended March 31, 2022)	(12,886)	(17,525)
	<u>\$ 522,496</u>	<u>\$ 454,749</u>
Less: Current portion	\$ 313,139	136,733
	<u>\$ 209,357</u>	<u>\$ 318,016</u>

**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 March 31, 2023, the outstanding balances associated with the bridge loan were as follows:

	<b>March 31</b>	<b>December 31</b>
<b>Loan</b>	<b>2023</b>	<b>2022</b>
Opening balance	\$ 206,419	\$ -
Additions	-	210,000
Fair value discount	-	(4,166)
Accretion	3,099	585
Interest and fees	6,213	5,174
Interest paid	(2,862)	(5,174)
	<u>\$ 212,869</u>	<u>\$ 206,419</u>

The Company is working on an extension of the due date with the lender.

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**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:**

<u>Class A common shares</u>	<u>Number of Shares</u>	<u>Value</u>
Balance as at December 31, 2022 and March 31, 2023	46,813,565	\$ 2,987,547

(i) 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 three months ended March 31, 2023 is as follows:

	Number Of Options	Weighted- Average Exercise Price
Outstanding, December 31, 2022	3,610,000	\$ 0.375
Expired	(200,000)	0.375
Outstanding, March 31, 2023	3,410,000	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. During the first quarter of 2023, 200,000 options expired.

**BNSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**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 March 31, 2023 are as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.375	3,410,000	\$0.375	4.2	1,136,668	\$0.375

**12. Related party transactions**

During the period, the Company paid wages and related benefits to individuals related to a director of the Company in the amount of \$21,833 (three months ended March 31, 2022 - \$12,500).

During 2022, a Director and an Officer of the company subscribed for \$32,000 (2022 - \$Nil) in the Convertible Debentures (note 9). Interest of \$789 (three months ended March 31, 2022 - \$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:

Three months ended March 31	2023	2022
Salaries, consulting and benefits	\$ 25,000	\$ 60,000
Share based compensation	51,067	-
	\$ 76,067	\$ 60,000

Included in accounts receivable is \$2,000 (December 31, 2022 - \$15,000) owed from a member of key management.

**13. 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 March 31, 2023 the Company had equity of \$315,709 (December 31, 2022 - \$617,584). 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.

**BSELLIT TECHNOLOGY INC.**  
**Notes to unaudited interim condensed financial statements**  
**March 31, 2023**

---

**14. 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.

**15. Subsequent events**

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.

The Company received a statement of claim from a former capital markets service provider (the "Claimant"), stating that the Company did not provide a notice of termination of its marketing agreement (the "Agreement"). In July 2022, the Company and the Claimant amended the Agreement whereby the Claimant covenanted that it shall continue to perform its services as set forth in the Agreement until the expiration of the initial period (being October 5, 2022). The Company believes the allegations made in the statement of claim are entirely without merit and the action will be vigorously defended by the Company.