
METAGUEST.AI INCORPORATED
(Formerly BnSellit Technology Inc.)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

September 30, 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.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
Consolidated Statements of Financial Position

As at	September 30 2023	December 31 2022
Assets		
Current assets		
Cash	\$ 40,526	\$ 105,394
Accounts receivable	32,223	22,070
Prepaid expenses	14,654	9,251
GST/HST receivable	30,301	54,540
	<u>117,704</u>	<u>191,255</u>
Deposits	28,830	28,830
Equipment (note 6)	2,274	2,932
Right of use asset (note 8)	8,465	84,649
Intellectual property (note 7)	940,695	1,137,585
Total assets	<u>\$ 1,097,968</u>	<u>\$ 1,445,251</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 106,118	\$ 79,099
Deferred revenue (note 11)	15,717	-
Bridge loan (note 10)	226,022	206,419
Current portion of convertible debentures (note 9)	163,330	136,733
Lease liability (note 8)	8,937	87,400
	<u>520,124</u>	<u>509,651</u>
Convertible debentures (note 9)	<u>-</u>	<u>318,016</u>
Total liabilities	<u>520,124</u>	<u>827,667</u>
Shareholders' equity		
Share capital (note 12)	3,843,729	2,987,547
Contributed surplus (note 12)	650,697	242,780
Equity portion of debentures (note 9)	56,460	50,477
Deficit	(3,973,042)	(2,663,220)
Total shareholders' equity	<u>577,844</u>	<u>617,584</u>
Total liabilities and shareholders' equity	<u>\$ 1,097,968</u>	<u>\$ 1,445,251</u>

NOTES:

Going concern (note 2)

Contingencies (note 16)

Subsequent events (note 17)

Approved on behalf of the Board

"Doug McCartney" _____ Director

"L. Evan Baergen" _____ Director

See accompanying notes to unaudited interim condensed consolidated financial statements.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
Consolidated Statements of Net and Comprehensive Loss

For the periods ended September 30	Three months		Nine months	
	2023	2022	2023	2022
Net revenue				
Revenue	\$ 91,365	\$ 2,347	\$ 186,217	\$ 5,565
Cost of sales	(4,883)	(2,642)	(9,185)	(5,652)
	86,482	(295)	177,032	(87)
Expenses				
Salaries, wages and benefits	136,039	112,274	369,505	393,471
Share based compensation (note 12(c))	138,852	119,578	407,917	119,578
Investor relations	11,145	72,412	26,374	308,321
Subcontractors	69,265	102,575	175,973	175,478
Depreciation	91,244	25,672	273,733	77,014
Professional fees	24,476	38,799	76,845	97,347
Office and administration	13,737	35,450	67,002	62,920
Interest and accretion	13,974	10,381	64,545	15,496
Travel	1,162	-	3,493	2,215
	499,894	517,141	1,465,387	1,251,840
Net loss before extraordinary items	\$ (413,412)	\$ (517,436)	\$(1,288,355)	\$(1,251,927)
Loss on settlement of debentures	-	-	21,467	-
Net and comprehensive loss	\$ (413,412)	\$ (517,436)	\$(1,309,822)	\$(1,251,927)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding	56,914,381	46,681,888	61,083,267	46,099,871

See accompanying notes to unaudited interim condensed consolidated financial statements.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
Consolidated Statements of Changes in Shareholders' Equity

	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
Equity portion of debenture issuances (note 9)	-	-	-	33,630	-	33,630
Issuance of shares	1,009,526	353,334	-	-	-	353,334
Stock options issued (note 12(c))	-	-	119,578	-	-	119,578
Net and comprehensive loss for the period	-	-	-	-	(1,251,927)	(1,251,927)
Balance as at September 30, 2022	46,813,565	\$ 2,987,547	\$ 119,578	\$ 33,630	\$ (2,120,444)	\$ 1,020,311
Balance as at December 31, 2022	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
Issuance of units (note 12(a))	14,269,702	856,182	-	-	-	856,182
Stock options issued (note 12(c))	-	-	407,917	-	-	407,917
Net and comprehensive loss for the period	-	-	-	-	(1,309,822)	(1,309,822)
Balance as at September 30, 2023	61,083,267	\$ 3,843,729	\$ 650,697	\$ 56,460	\$ (3,973,042)	\$ 577,844

See accompanying notes to unaudited interim condensed consolidated financial statements.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
Consolidated Statements of Cash Flows

For the nine months ended September 30

2023

2022

Operating activities

Net and comprehensive loss \$ (1,288,355) \$ (1,251,927)

Non-cash items

Depreciation 273,732 77,014

Interest and accretion 38,077 15,496

Loss on settlement of debentures (21,467) -

Share based compensation 407,917 119,578

Changes in non-cash working capital

GST/HST receivable 24,239 11,775

Accounts receivable (10,153) (938)

Prepaid expenses (5,403) 7,680

Deferred revenue 15,717 -

Accounts payable and accrued liabilities 27,019 (7,228)

(538,677) (1,028,550)

Investing activities

Purchase of equipment - (707)

- (707)

Financing activities

Issue of convertible debentures 65,000 327,114

Settlement of convertible debentures (366,533) -

Issuance of units 856,182 -

Issuance of common shares - 353,334

Lease payments (80,840) (80,840)

473,809 599,608

Decrease in cash

(64,868) (429,649)

Cash, beginning of period

105,394 477,951

Cash, end of period

\$ 40,526 \$ 48,302

See accompanying notes to unaudited interim condensed consolidated financial statements.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
Notes to unaudited interim condensed financial statements
September 30, 2023

1. Nature of operations

METAGUEST.AI INCORPORATED (Formerly 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 METAGUEST, BNSELLIT and BNBUIYIT 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 METG.

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 November 29, 2023.

4. Accounting policies

a. 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.

b. Warrants issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value (typically common shares) and then the residual value, if any, to the less easily measurable component (typically warrants).

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
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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 December 31, 2021	3,919
Additions	<u>707</u>
As at December 31, 2022	<u>\$ 4,626</u>
As at September 30, 2023	<u>\$ 4,626</u>
Accumulated amortization	
As at December 31, 2021	588
Amortization for 2022	<u>1,106</u>
As at December 31, 2022	<u>\$ 1,694</u>
Amortization for the period	<u>658</u>
As at September 30, 2023	<u>\$ 2,352</u>
Net Book Value	
As at December 31, 2022	<u>\$ 2,932</u>
As at September 30, 2023	<u>\$ 2,274</u>

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7. BSELLIT platform intellectual property

	Intellectual property
Cost	
As at December 31, 2022	\$ 1,312,598
As at September 30, 2023	<u>\$ 1,312,598</u>
Accumulated amortization	
As at December 31, 2021	\$ -
Amortization for 2022	175,013
As at December 31, 2022	<u>\$ 175,013</u>
Amortization for the period	196,890
As at September 30, 2023	<u>\$ 371,903</u>
Net Book Value	
As at December 31, 2022	\$ 1,137,585
As at September 30, 2023	<u>\$ 940,695</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. See subsequent events note.

Right of use asset	
As at December 31, 2022	\$ 194,694
As at September 30, 2023	<u>\$ 194,694</u>
Accumulated amortization	
As at December 31, 2022	\$ 110,045
Amortization for the period	76,184
As at September 30, 2023	<u>\$ 186,229</u>
Net Book Value	
As at December 31, 2022	\$ 84,649
As at September 30, 2023	<u>\$ 8,465</u>
Lease liability	
As at December 31, 2022	\$ 87,400
Lease interest	2,377
Lease payments	<u>(80,840)</u>
As at September 30, 2023	\$ 8,937
Less: current portion	<u>(8,937)</u>
As at September 30, 2023	<u>\$ -</u>

The Company is committed to future lease payments as follows:
2023 - \$8,982

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
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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 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 \$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).

On April 21, 2023, the Company settled \$388,000 of the convertible debentures for units of the Company at \$0.06 per unit (see note 11(a)). The Company recorded a loss on settlement of debt of \$21,467 due to the discount on the fair value of the liability component of the convertible debentures.

As at September 30, 2023, the outstanding balances associated with the convertible debenture were as follows:

	September 30	December 31
	2023	2022
Liability component of the convertible debenture		
Opening balance	\$ 454,749	\$ -
Additions	59,017	442,523
Repayment on settlement	(388,000)	-
Loss on settlement	21,467	-
Accretion	16,097	12,226
Interest	23,642	17,525
Interest paid	(23,642)	(17,525)
	<u>\$ 163,330</u>	<u>\$ 454,749</u>
Less: Current portion	\$ 163,330	136,733
	<u>\$ -</u>	<u>\$ 318,016</u>

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10. Bridge loan

On December 14, 2022, the Company entered into a \$210,000 loan facility with an arm's 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 September 30, 2023, the outstanding balances associated with the bridge loan were as follows:

Loan	September 30	December 31
	2023	2022
Opening balance	\$ 206,419	\$ -
Additions	-	210,000
Fair value discount	-	(4,166)
Accretion	3,581	585
Interest and fees	18,884	5,174
Interest paid	(2,862)	(5,174)
	<u>\$ 226,022</u>	<u>\$ 206,419</u>

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

11. Deferred revenue

Sales include monthly subscription sales covering periods beyond September 30, 2023.

Deferred revenue	September 30	December 31
	2023	2022
Opening balance	\$ -	\$ -
Additions from contracts with customers	15,717	-
	<u>\$ 15,717</u>	<u>\$ -</u>
Less: Current portion	\$ 15,717	-
	<u>\$ -</u>	<u>\$ -</u>

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
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12. 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 as at December 31, 2022	46,813,565	\$ 2,987,547
Issuance of shares for cash (i)	6,278,967	376,738
Issuance of shares for debt (ii)	1,524,065	91,444
Issuance of shares on settlement of convertible debentures (iii)	6,466,670	388,000
Balance September 30, 2023	61,083,267	3,843,729

- (i) On April 12, 2023, April 21, 2023 and June 30, 2023, the Company issued 6,278,967 units at a deemed issue price of \$0.06 per unit for gross proceeds of \$376,738. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.10 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common given the closing share price on the date of each close was between \$0.11 and \$0.16.
- (ii) On April 21, 2023, the Company issued 1,524,065 units at a deemed issue price of \$0.06 per unit as a settlement of debt in the amount of \$91,444. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.10 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common given the closing share price on the date of the close was \$0.16.
- (iii) On April 21, 2023, the Company issued 6,466,670 units at a deemed issue price of \$0.06 per unit as a settlement of convertible debentures in the amount of \$388,000. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.10 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common given the closing share price on the date of the close was \$0.16.

(b) Warrants

During the period, 7,134,844 warrants were issued exercisable at a price of \$0.10 expiring 18 months from the issue date (1,753,080 warrants expiring October 12, 2024, 4,587,048 warrants expiring October 21, 2024 and 794,716 warrants expiring December 31, 2024) (see note 11(a)).

Class A common shares	Number of Shares	Value
Balance as at December 31, 2022	-	\$ -
Warrants issued from units for cash (i)	3,139,479	
Warrants issued from units for debt (ii)	762,032	-
Warrants issued from settlement of convertible debentures (iii)	3,233,333	-
Balance September 30, 2023	7,134,844	\$ -

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
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12. Share capital...continued

(c) 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 nine months ended September 30, 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, September 30, 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 nine months of 2023, 200,000 options expired.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2023 are as follows:

Exercise Price	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	Number Outstanding	Weighted- Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted- Average Exercise Price
\$0.375	3,410,000	\$0.375	3.4	1,136,668	\$0.375

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Notes to unaudited interim condensed financial statements
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13. 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 \$75,000 (nine months ended September 30, 2022 - \$37,500).

During 2022, a Director and an Officer of the company subscribed for \$32,000 (2022 - \$Nil) in the Convertible Debentures (note 9). Interest of \$973 (nine months ended September 30, 2022 - \$Nil) was paid on the Convertible Debentures. On April 21, 2023, the Company settled the \$32,000 in Convertible Debentures with the issuance of units at a price of \$0.06 per unit. (see note 12(a)(iii)).

During the period, the Company incurred fees of \$33,000 (2022 - \$Nil) from companies controlled by directors of the Company for legal and marketing services.

On April 21, 2023, the Company settled \$91,324 of payables owed to directors, officers or companies controlled by a director or officer of the Corporation with the issuance of units at a price of \$0.06 per unit (see note 12(a)(ii)).

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:

Nine months ended September 30	2023		2022	
Salaries, consulting and benefits	\$	65,000	\$	148,520
Share based compensation		154,902		38,596
	\$	219,902	\$	187,116

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

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 September 30, 2023 the Company had equity of \$593,561 (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.

METAGUEST.AI INCORPORATED (Formerly BnSellit Technology Inc.)
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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. Contingencies

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.

17. Subsequent events

On November 16, 2023, the Company issued 346,667 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$104,000. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 expiring on May 15, 2025.