TrustBIX Inc.

Interim Condensed Consolidated
Financial Statements
(Unaudited)
December 31, 2023
(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of TrustBIX Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TrustBIX Inc.

Inerim Condensed Consolidated Statement of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

As at December 31, 2023

	December 31, 2023 $	September 30, 2023 $
Assets		
Current assets		
Cash	78,190	144,780
Accounts receivable (note 5)	28,656	109,760
Share subscription receivable	52,500	50,000
Inventory (note 6)	59,803	54,583
Deposits and prepaid expenses	9,354	11,547
	228,503	370,670
Property and equipment (note 7)	21,996	23,703
Intangible asset (note 8)	245,835	8,092
Right-of-use assets (note 9)	21,327	22,971
Investment (note 10)	180,244	180,244
	697,905	605,680
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	1,567,019	1,556,748
Unearned revenue	322,804	286,286
Debenture (note 12)	-	37,706
Loans payable – current portion (note 13)	83,000	71,000
Lease liability – current portion (note 9)	5,890	5,572
	1,978,713	1,957,312
Debenture (note 12)	39,423	-
Loans payable (note 13)	591,909	578,388
Lease liability (note 9)	18,857	20,445
	2,628,902	2,556,145
Shareholders' (Deficiency) Equity		
Share capital issued (note 14(a))	13,904,422	13,572,063
Share capital committed (note 14(b))	-	54,000
Warrants (note 14(c))	7,641	284,164
Contributed surplus	3,770,017	3,491,432
Deficit	(19,613,077)	(19,352,124)
	(1,930,997)	(1,950,465)
	697,905	605,680

Nature of operations and going concern (note 1)

Approved by the Board of Directors

(Signed) "Hubert Lau" Director (Signed) "Lap Shing (Andrew) Kao" Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Changes in (Deficiency) Equity
(Unaudited)
(Expressed in Canadian Dolars)

For the three-month periods ended December 31, 2023 and 2022

	Share capital issued $	Share capital committed $	Warrants $	Contributed surplus $	Deficit $	Total $
Balance – October 1, 2023	13,572,063	54,000	284,164	3,491,432	(19,352,124)	(1,950,465)
Net loss and comprehensive loss for the period	-	-	-	-	(260,953)	(260,953)
Common shares issued for asset acquisition (note 14(a))	250,000	-	-	-	-	250,000
Common shares and warrants issued in private placement (note 14(a))	82,359	(54,000)	7,641	-	-	36,000
Amendment of debenture (note 12)	-	-	-	(2,374)	-	(2,374)
Expiration of warrants (note 14(c))	-	-	(284,164)	284,164	-	-
Stock-based compensation recovery (note 14(d))	-	-	-	(3,205)	-	(3,205)
Balance – December 31, 2023	13,904,422	-	7,641	3,770,017	(19,613,077)	(1,930,997)
Balance – October 1, 2022	12,764,699	-	370,630	3,156,389	(16,278,316)	13,402
Net loss and comprehensive loss for the period	-	-	-	-	(652,760)	(652,760)
Stock-based compensation expense (note 14(d))	-	-	-	155,423	-	155,423
Balance – December 31, 2022	12,764,699	-	370,630	3,311,812	(16,931,076)	(483,935)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)
(Expressed in Canadian Dollars)

For the three-month periods ended December 31, 2023 and 2022

	December 31, 2023 $	December 31, 2022 $
Revenue		
Licence	31,730	73,398
Hardware and installation	67,208	79,633
Professional and development services	10,893	64,923
Maintenance	184,723	200,870
	294,554	418,824
Expenses		
Wages and benefits	182,156	533,339
Consulting fees	156,358	187,896
Amortization and depreciation	26,709	156,372
Professional fees	30,672	139,839
Hardware for resale and supplies	50,729	50,645
Office	70,500	81,738
Travel, trade shows and conferences	5,540	18,810
Advertising and promotion	3,264	35,349
Foreign exchange (gain) loss	(63)	2,990
Research and development (note 18)	-	27,928
	525,865	1,234,906
Loss before other (expenses) income and income taxes	(231,311)	(816,082)
Other (expenses) income		
Foreign exchange remeasurement on investment	-	(2,143)
Interest income	529	411
Interest expense	(2,302)	(5,909)
Accretion expense	(27,869)	(33,556)
Gain on refinancing of loan payable (note 13)	-	204,519
	(29,642)	163,322
Loss before income taxes	(260,953)	(652,760)
Income taxes	-	-
Net loss and comprehensive loss for the period	(260,953)	(652,760)
Basic and diluted loss per share (note 15)	(0.00)	(0.01)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TrustBIX Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

For the three-month periods ended December 31, 2023 and 2022

	December 31, 2023 $	December 31, 2022 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(260,953)	(652,760)
Adjustments to reconcile net loss to cash flows from operating activities:		
Stock-based compensation (recovery) expense	(3,205)	155,423
Amortization and depreciation	26,709	156,372
Accretion expense	27,864	33,556
Interest expense	1,152	5,909
Gain on sale of investment (note 10)	-	2,143
Gain on refinancing of loan payable (note 13)	-	(204,519)
Cash used in operating activities before changes in items of working capital	(208,433)	(503,876)
Net change in items of non-cash working capital (note 16)	112,749	432,212
	(95,684)	(71,664)
Investing activity		
Cash acquired in asset acquisition (note 4)	1,016	-
Financing activities		
Proceeds from issuance of convertible debenture (note 12)	-	150,000
Proceeds from issuance of common shares and warrants in private placement (note 14(a) and (c))	33,500	-
Repayment of loans payable (note 13)	(3,000)	-
Lease payments (note 9)	(2,422)	(6,019)
	28,078	143,981
(Decrease) increase in cash during the period	(66,590)	72,317
Cash – Beginning of period	144,780	126,881
Cash – End of period	78,190	199,198

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1 Nature of operations and going concern

TrustBIX Inc.'s (the "Company" or "TrustBIX") business operations consist of information solutions for the agri-food industry, including:

- ViewTrak Technologies Inc., a wholly owned subsidiary of TrustBIX, which has developed solutions with an emphasis on the livestock sector. Its technologies include:
  - Auction Master Pro ("AMP") - livestock auction market software solution to help build and operate auction activities; and
  - Electronic Pork Grader - pork probe technology to help producers price pork by evaluating fat thickness, lean meat thickness, meat percentage and class.

- Insight Global Inc., a wholly owned subsidiary of TrustBIX, which has developed industrial Internet-of-Things ("IoT") products and traceability solutions. Its technologies include:
  - BIX Location Services - IoT devices to track, protect and identify the movement of high-value moveable equipment used in agriculture and other industries; and
  - BIX (Business InfoXchange System) - a proprietary platform that uses innovative, blockchain-derived technology and data to deliver independent validation of food provenance and sustainable production practices within the supply chain.

- Alberta Food Security Inc., a wholly owned subsidiary of TrustBIX, which holds the exclusive Alberta territory license, along with the opportunity to acquire certain additional licenses, for an innovative Controlled Environment Agriculture vertical indoor farming technology.

The Company and its wholly owned subsidiaries, ViewTrak Technologies Inc. ("ViewTrak"), Insight Global Technology Inc. ("Insight"), BIX Operations Inc. ("BIX Operations"), and Alberta Food Security Inc. ("AFS") are incorporated and domiciled in Canada. The Company and its subsidiaries' principal office is located at 10607 – 82 Street, Edmonton, Alberta.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which contemplates the realization of assets and satisfaction of liabilities in the normal course of business as they come due.

As at December 31, 2023, the Company had a net working capital deficit of $1,750,210 (September 30, 2023 - $1,586,642). For the three months ended December 31, 2023, the Company incurred a net loss of $260,953 (2022 – $652,760) and net cash outflow from operating activities of $95,684 (2022 – $71,664). As at December 31, 2023, the Company had an accumulated deficit of $19,613,077 (September 30, 2023 – $19,352,124). In addition, the Company has lease commitments in the amount of $32,988 (note 9) and has entered into a contribution agreement with Prairies Economic Development Canada (formerly Western Economic Diversification Canada) ("PrairiesCan") for a repayable financial contribution under the Regional Relief and Recovery Fund with a remaining principal balance of $988,000 (note 13).

Operations during the three months ended December 31, 2023, have been financed primarily from a non-brokered private placement of $90,000.

1 Nature of operations and going concern (continued)

Going concern (continued)

On November 13, 2023, the company received TSX Venture Exchange ("TSXV") final acceptance for the acquisition of Alberta Food Security Inc. ("AFS") and management is actively pursuing new business opportunities. The Company may also continue to raise financing, including equity and debt, as needed, for working capital and to expand the business. Additionally, the Company continues to apply for provincial and/or federal government grant and funding programs.

The outcome of such efforts is dependent on a number of factors outside of the Company's control. The nature of the technology sector, availability of government grants and current financial equity market conditions, including macroeconomic conditions, make the success of any future financing ventures and the other management strategies uncertain. There can be no assurance that management's efforts will be successful. This uncertainty casts significant doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to going concern.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2 Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board (the "IASB"). Accordingly, certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed and accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the years ended September 30, 2023 and 2022.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2024.

Basis of measurement

These interim condensed consolidated financial statements have been prepared in Canadian dollars, which is the Company's presentation and functional currency, and are prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

2 Basis of presentation (continued)

Use of management critical judgment, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses recorded during the reporting period. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Actual results may differ from those estimates. Estimates and 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.

The critical accounting estimates and judgments made by management in applying the Company's accounting policies were the same as those described in note 2 to the Company's consolidated financial statements for the years ended September 30, 2023 and 2022.

3 Summary of significant accounting policies

The significant accounting policies applied by the Company in these interim condensed consolidated financial statements are consistent with those applied by the Company in its annual consolidated financial statements for the years ended September 30, 2023 and 2022.

New accounting pronouncements not yet adopted

The following IFRS standard has been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of this amendment on the Company's consolidated financial statements.

(Express in Canadian Dollars)

4 Acquisition of AFS

On October 31, 2023, pursuant to the terms of a definitive agreement, the Company acquired 100% of the issued and outstanding shares of AFS for 25,000,000 common shares of the Company, subject to certain resale restrictions.

The Company applied the optional concentration test permitted under IFRS 3 to the acquisition which resulted in the acquired assets being accounted for as an asset acquisition. The amounts recognized on the date of acquisition of the identifiable assets and liabilities were as follows:

	$
Assets acquired:	
Cash	1,016
License	261,099
Liabilities acquired:	
Accounts payable and accrued liabilities	(12,115)
	250,000
Share consideration (25,000,000 common shares)	250,000

The license acquired is amortized over the useful life of fifteen years on a straight-line basis (note 8).

5 Accounts receivable

Included in accounts receivable are the following:

	December 31, 2023 $	September 30, 2023 $
Trade accounts receivable	32,627	92,182
Allowance for trade receivables	(4,216)	(4,042)
Other receivables	245	21,620
	28,656	109,760

(Express in Canadian Dollars)

6 Inventory

Inventory consists of the following:

	December 31, 2023 $	September 30, 2023 $
Components and parts	37,441	39,441
Finished goods	22,362	15,142
	59,803	54,583

Inventory expensed during the three months ended December 31, 2023 and 2022 is included in hardware for resale and supplies in the interim condensed consolidated statements of loss and comprehensive loss.

7 Property and equipment

	Computer hardware $	Computer software $	Office furniture and equipment $	Total $
Cost				
Balance, September 30, 2023 and December 31, 2023	102,543	12,248	14,479	129,270
Accumulated depreciation				
Balance, September 30, 2023	(82,376)	(12,004)	(11,187)	(105,567)
Depreciation	(1,489)	(56)	(162)	(1,707)
Balance, December 31, 2023	(83,865)	(12,060)	(11,349)	(107,274)
Net book value				
Balance, September 30, 2023	20,167	188	3,292	23,703
Balance, December 31, 2023	18,678	188	3,130	21,996

(Express in Canadian Dollars)

8 Intangible assets

	Software $	Trademarks $	License $	Total $
Cost				
Balance, September 30, 2023	2,035,509	8,092	-	2,043,601
Addition	-	-	261,099	261,099
Balance, December 31, 2023	2,035,509	8,092	261,099	2,304,700
Accumulated amortization and impairment				
Balance, September 30, 2023	(2,035,509)	-	-	(2,035,509)
Amortization	-	-	(23,356)	(23,356)
Balance, December 31, 2023	(2,035,509)	-	(23,356)	(2,058,865)
Net book value				
Balance, September 30, 2023	-	8,092	-	8,092
Balance, December 31, 2023	-	8,092	237,743	245,835

Trademarks are indefinite-lived intangible assets and are not amortized. The license was acquired as part of the purchase of AFS (note 4).

9 Lease liability and right-of-use asset

Right-of-use asset

Below is a summary of the activity related to the Company's ROU asset for the three months ended December 31, 2023.

	$
ROU asset as at September 30, 2023	22,971
Depreciation	(1,644)
ROU asset as at December 31, 2023	21,327

(Express in Canadian Dollars)

9 Lease liability and right-of-use asset (continued)

Lease liability

The following is a summary of the activity related to the Company's lease liability for the three months ended December 31, 2023:

	$
ROU lease liabilities as at September 30, 2023	26,017
Lease payments	(2,422)
Accretion of lease liabilities	1,152
ROU lease liabilities as at December 31, 2023	24,747
Of which are:	
Current lease liabilities	5,890
Non-current lease liabilities	18,857
	24,747

The Company's estimated cash outflows related to the lease obligation for the twelve-month periods ending December 31st are as follows:

	$
2024	9,878
2025	10,126
2026	10,375
2027	2,609
	32,988

10 Investment

On November 7, 2019, TrustBIX invested US$250,000 in a Calgary, Alberta-based company, Provision Analytics Inc., through a convertible debenture offering maturing in 24 months. It accrued simple interest on an annual basis at the rate of 2.5% per annum.

The investment plus accrued interest was converted into non-marketable preferred shares on November 23, 2021 at the transaction price of US$262,997 ($333,427). During the year ended September 30, 2022, the Company sold half of the investment in Provision Analytics for gross proceeds of $180,907.

No significant changes were recorded to initial fair value measurement as at December 31, 2023.

The Company does not have control or significant influence over Provision Analytics and has no participation in its policy-making processes. Each preferred share is convertible, at the option of the Company into common shares.

(Express in Canadian Dollars)

11 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following:

	December 31, 2023 $	September 30, 2023 $
Trade accounts payable	888,483	924,742
Accrued liabilities	678,536	632,006
	1,567,019	1,556,748

12 Debenture

	December 31, 2023 $	September 30, 2023 $
Balance, beginning of period	37,706	-
Proceeds from issuance of convertible debenture	-	150,000
Amount classified as equity for conversion feature	-	(10,170)
Convertible debenture at initial recognition	-	139,830
Partial repayment of convertible debenture	-	(115,000)
Reduction of amount classified as equity for conversion feature	-	7,797
Balance, end of period	-	(107,203)
Amendment to convertible debenture	2,374	-
Interest (recovery) accretion	(657)	5,079
Balance, end of period	39,423	37,706

On January 27, 2023, the Company issued a convertible debenture with a principal balance of $150,000 at an interest rate of 10% per annum, with the interest to be paid only in cash, for a term of one (1) year. The convertible debenture was convertible into units of the Company, composed of one (1) common share and one half (1/2) warrant exercisable at a price of $0.05 per common share for a term of one (1) year, at a price of $0.05 per unit.

The liability component of the convertible debenture was initially recognized at the fair value of a similar liability that did not have an equity conversion option and using a discount rate of 18%. The equity component of the convertible debenture was recognized at the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component.

(Express in Canadian Dollars)

12 Debenture (continued)

During the year ended September 30, 2023, the Company repaid $115,000 of the principal balance of the convertible debenture.

On December 29, 2023, the Company amended the terms of the convertible debenture to extend the maturity date from January 5, 2024 to January 5, 2025 and to remove the option of the holder to convert the convertible debenture into common shares of the Company, such that no securities will be issued as payment for the convertible debenture. All other terms of the convertible debenture remained the same.

The holder of the convertible debenture was a director of the Company between April 14, 2023 and November 13, 2023 (note 17).

13 Loans payable

A summary of loans payable as at December 31, 2023 and September 30, 2023 are as follows:

	December 31, 2023 $	September 30, 2023 $
Loan payable to related party (note 17)	23,000	23,000
Promissory notes	-	-
Repayable Regional Relief and Recovery Fund contribution	651,909	626,388
	674,909	649,388
Current portion	(83,000)	(71,000)
Long term portion	591,909	578,388

Repayable Regional Relief and Recovery Fund contribution

On July 27, 2020, the Company entered into a contribution agreement with PrairiesCan for a repayable financial contribution under the Regional Relief and Recovery Fund. Under the contribution agreement, PrairiesCan supported the Company with an investment of $1,000,000 for general working capital requirements (the “Contribution”). Repayment of the Contribution was to commence on January 31, 2023 and continue in equal monthly instalments until the Contribution was fully repaid by December 31, 2025. The Contribution is unsecured and non-interest bearing, unless repayment is not made as scheduled. Interest is calculated at an average bank rate plus 3%, compounded monthly, on repayments not made as scheduled. The interest calculation ends when repayments are back on schedule.

The Contribution was initially recognized at a fair value of $506,300. The initial carrying value of the Contribution was calculated using the effective interest rate method, discounting estimated cash flows using the Company’s effective interest rate of 18%.

(Express in Canadian Dollars)

13 Loans payable (continued)

Repayable Regional Relief and Recovery Fund contribution (continued)

On December 29, 2022, the repayment terms were revised, changing the amount of the monthly installment payments and extending the final installment payment to December 31, 2027. The original Contribution was derecognized from the consolidated statements of financial position and a new Contribution was recognized at a fair value of $563,649, resulting in a gain on refinancing of loan payable of $204,520 in other income in the consolidated statements of loss and comprehensive loss.

The short-term and long-term components of the Contribution at December 31, 2023 are as follows:

	$
Current portion	60,000
Non-current portion	591,909
	651,909

During the three months ended December 31, 2023, the Company incurred $28,521 (2022 - $26,748) of interest accretion expense on the Contribution.

The Company's anticipated cash outflows on the Contribution for the twelve (12) months ending December 31st are as follows:

	$
2024	60,000
2025	309,333
2026	309,333
2027	309,334
	988,000

(Express in Canadian Dollars)

14 Share capital

Authorized
Unlimited common shares, with no par value
Unlimited preferred shares, voting, convertible, designated as Series 1 and Series 2

a) Common shares issued

	Number	$
Balance as at September 30, 2022 and December 31, 2022	79,649,831	12,764,699
Balance as at September 30, 2023	102,869,330	13,572,063
Issued for asset acquisition (note 4)	25,000,000	250,000
Issued pursuant to private placement (i)	4,500,000	82,359
Balance as at December 31, 2023	132,369,330	13,904,422

(i) A non-brokered private placement financing for 4,500,000 units ("Units") at a price of $0.02 per Unit for gross proceeds of $90,000. Each Unit consisted of one common share and one common share purchase warrant, which entitles the holder to purchase one common share at a price of $0.05 for a period of one (1) year from the date of closing. The gross proceeds of $90,000 were allocated between share capital and warrants in the amounts of $82,359 and $7,641 (note 14(c)), respectively.

b) Common shares committed

As at September 30, 2023, the Company had received subscriptions of $54,000 towards a private placement (note 14(a)(i)) which was subsequently closed during the three months ended December 31, 2023.

(Express in Canadian Dollars)

14 Share capital (continued)

c) Warrants

A summary of the warrants outstanding as at December 31, 2023 and September 30, 2023 and changes during the periods ended on those dates is as follows:

	December 31, 2023		September 30, 2023	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding – Beginning of period	4,848,889	0.30	6,324,334	0.30
Issued	4,500,000	0.05	-	-
Expired	(4,848,889)	0.30	(1,475,445)	0.30
Outstanding – End of period	4,500,000	0.05	4,848,889	0.30

During the three months ended December 31, 2023, the Company issued warrants in connection with a private placement (note 14(a)(i)). The fair value of the warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: stock price of $0.01, exercise price of $0.05, volatility of 145%, an expected life of one (1) year, a dividend yield of nil% and a risk-free interest rate of 4.6%.

4,848,889 warrants expired unexercised on October 4, 2023.

Of the 4,500,000 warrants at December 31, 2023, 3,200,000 expire on October 16, 2024 and 1,300,000 expire on December 18, 2024.

(Express in Canadian Dollars)

14 Share capital (continued)

d) Stock options and compensation expense

The Company has adopted a twenty percent (20%) fixed stock option plan (the "Stock Option Plan") for directors, officers, employees, management company employees and consultants. In accordance with the Stock Option Plan and as approved at the Annual General and Special Meeting of Shareholders on April 14, 2023, the Company has reserved up to a total of 18,886,094 common shares for issuance. The Board of Directors determines the price per common share, the number of common shares which may be allocated to each eligible participant, and all other terms and conditions of the stock options, subject to the rules of the TSX Venture Exchange.

A summary of the stock options outstanding as at December 31, 2023 and September 30, 2023 and changes during the periods ended on those dates is as follows:

	December 31, 2023		**September 30, 2023**	
	Number	**Weighted average exercise price $**	**Number**	**Weighted average exercise price $**
Outstanding – Beginning of period	10,131,848	0.22	12,731,848	**0.21**
Granted	-	-	2,900,000	**0.05**
Exercised	-	-	-	**-**
Forfeited	(133,334)	0.30	(558,333)	**0.17**
Cancelled	(633,333)	0.14	(1,341,667)	**0.14**
Expired	-	-	(3,600,000)	**0.08**
Outstanding – End of period	9,365,181	0.23	10,131,848	0.22
Options exercisable – End of period	8,751,848	0.23	9,385,181	0.23

On November 11, 2022, the Company issued 2,900,000 stock options to directors, officers, employees and non-employees, exercisable at $0.05 and vested 100% immediately, and expiring on April 30, 2023. The fair value of the stock options granted to non-employees was measured at the value of services the Company received.

(Express in Canadian Dollars)

14 Share capital (continued)

d) Stock options and compensation expense (continued)

The fair value of the stock options granted to non-employees was measured at the value of services the Company received.

The Company used the Black-Scholes option pricing model to estimate the fair value of the stock options granted to directors, officers, employees. The Company considered historical volatility of its common shares as well as industry benchmarking in estimating its future stock price volatility. The risk-free interest rate for the expected life of the stock options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term, taking into account expected director, employee and non-employee exercise and expected post-vesting employment termination behaviour. The following weighted average assumptions were used to estimate the Black-Scholes fair value of the options granted during the year ended September 30, 2023:

	2023
Annualized volatility	113%
Risk-free interest rate	4.3%
Expected life of options in years	0.5
Dividend rate	nil%
Exercise price	$0.05
Market price on date of grant	$0.07
Weighted average fair value	$0.03

Stock-based compensation recovery for the three months ended December 31, 2023 was $3,205 (2022 – expense of $155,423), with a corresponding decrease or increase in contributed surplus included in shareholders' deficiency.

The following table summarizes information on stock options outstanding as at December 31, 2023:

Exercise price $	**Number outstanding**	**Weighted average remaining contractual life in years**	**Options exercisable**
0.10	4,700,000	3.38	4,700,000
0.15	801,663	0.32	801,663
0.30	1,973,333	3.09	1,360,000
0.50	1,590,000	0.32	1,590,000
0.60	300,185	1.75	300,185
	9,365,181	2.49	8,751,848

Certain stock options were cancelled subsequent to December 31, 2023 (note 20).

(Express in Canadian Dollars)

15 Loss per share

	December 31, 2023 $	December 31, 2022 $
Net loss	(260,953)	(652,760)
	#	#
Weighted average number of common shares outstanding – basic and diluted	102,272,591	59,649,831
	$	$
Basic and diluted loss per share	(0.00)	(0.01)

For the three months ended December 31, 2023 and 2022, potential shares issuable in exchange for warrants, stock options and the previously convertible debenture have been excluded in the diluted loss per share calculation as their effects would have been anti-dilutive. In addition, 20,000,000 common shares issued by the Company which remain held in escrow and can be cancelled without recourse, pursuant to the acquisition of Insight, have been excluded.

16 Supplementary cash flow information

Changes in items of non-cash working capital for the three months ended December 31, 2023 and 2022:

	December 31, 2023 $	December 31, 2022 $
Accounts receivable	81,104	35,174
Inventory	(5,220)	(105,333)
Deposits and prepaid expenses	2,193	47,295
Accounts payable and accrued liabilities	(1,846)	282,807
Unearned revenue	36,518	172,269
	112,749	432,212

(Express in Canadian Dollars)

17 Related party transactions and balances

The Company incurred the following amounts in the normal course of business and they have been valued at amounts that are considered established and agreed to by the related parties.

During the three months ended December 31, 2023:

	December 31, 2023 $
Office and administrative services to companies presently and formerly controlled by a close family member of a director and member of key management	1,341

During the three months ended December 31, 2022:

	December 31, 2022 $
Sublease rental income from a company controlled by a director	984
Office and administrative services to companies presently and formerly controlled by a close family member of a director and member of key management	1,428
Project management services to a company controlled by a former member of key management	52,500

The compensation to key management, and their close family members, during the three months ended December 31, 2023 and 2022 are as follows:

	December 31, 2023 $	**December 31, 2022 $**
Salaries and short-term employee benefits	19,015	158,403
Stock-based compensation	2,715	81,384
Consulting fees	61,798	8,768
	83,528	232,459

During the three months ended December 31, 2022, the Company granted 1,320,000 stock options with a fair value of $35,266 to directors and members of key management, exercisable at $0.05 per stock option (note 14(d)).

(Express in Canadian Dollars)

17 Related party transactions and balances (continued)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at December 31, 2023 include the following amounts due to related parties:

	December 31, 2023 $
Salaries and consulting fees due to members of key management and their close family members	156,778
Company controlled by a close family member of a director and member of key management for other services	5,935
	162,713

Accounts payable and accrued liabilities as at September 30, 2023, include the following amounts due to related parties:

	September 30, 2023 $
Salaries and consulting fees due to members of key management and their close family members	292,345
Company controlled by a former member of key management for consulting fees	5,701
Companies presently and formerly controlled by a close family member of a director and member of key management for other services	4,527
	302,573

As at September 30, 2023, a director of the Company held the outstanding formerly convertible debenture with a remaining principal balance of $35,000 (note 12). The director resigned effective November 13, 2023.

On August 3, 2023, the Company issued a promissory note (note 13) to a close family member of a director and member of key management for $23,000. The promissory note bears interest at a rate of 1% per month and matures twelve (12) months from the date of issuance. The Company may pay the outstanding balance at any time before the maturity date without penalty.

18 Government assistance

Government assistance consists of grants from PIC and IRAP. These grants are accounted for as a reduction of related expenditures and are recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved grant program.

PIC

On March 31, 2021 the Company signed an agreement with PIC, Farmers Edge Inc., and OPIsystems Inc. to create a platform for Canada's plant-based food, feed and ingredient sector. The project is partially funded through PIC, up to a maximum of $334,057. For the three months ended December 31, 2023, the Company recognized funding of $nil (2022 – $2,507), which is netted against research and development on the consolidated statements of loss and comprehensive loss.

IRAP

On April 1, 2021, the Company received approval of funding up to $300,000 from the IRAP, to develop traceability of products and sustainability metrics for poultry produced using Arden Biotechnology Ltd.'s natural feed supplement, Sustavian. For the three months ended December 31, 2023, the Company recognized funding of $nil (2022 – $54,366), which is netted against research and development on the interim condensed consolidated statements of loss and comprehensive loss.

During the three months ended December 31, 2023, the Company recognized funding of $3,000 (2022 - $nil) from IRAP, for travel reimbursement, which is netted against travel, trade shows and conferences on the interim condensed consolidated statements of loss and comprehensive loss.

Loan payable

During the year ended September 30, 2020, the Company entered into a contribution agreement with PrairiesCan and received a $1,000,000 Contribution (note 13).

(Express in Canadian Dollars)

19 Segment disclosures

Management has organized the Company under three reportable segments: ViewTrak, the development and sale of information solutions for the livestock industry and related services, BIX, which leverages blockchain-derived technology and unique incentive solutions to deliver independent validation of food provenance and sustainable production practices within the agri-food supply chain, and AFS, which holds the exclusive Alberta territory license for an innovative Controlled Environment Agriculture vertical indoor farming solution .

	Three months ended December 31, 2023			
	AFS $	ViewTrak $	BIX $	Consolidated $
Revenue from external customers	-	288,025	6,529	294,554
Expenses	(13,122)	(393,376)	(92,658)	(499,156)
Amortization and depreciation	(23,356)	(3,353)	-	(26,709)
Other income (expenses)	-	(29,642)	-	(29,642)
Net loss	(36,478)	(138,346)	(86,129)	(260,953)

	Three months ended December 31, 2022			
	AFS $	ViewTrak $	BIX $	Consolidated $
Revenue from external customers	-	352,474	66,350	418,824
Expenses	-	(799,943)	(278,591)	(1,078,534)
Amortization and depreciation	-	(6,892)	(149,480)	(156,372)
Other income (expenses)	-	163,322	-	163,322
Net loss	-	(291,039)	(361,721)	(652,760)

For the three months ended December 31, 2023, BIX includes $nil (2022 - $149,213) of amortization and depreciation related to Insight software (note 8) and AFS includes $23,356 (2022 - $nil) of amortization and depreciation related to the AFS license (note 8).

(Express in Canadian Dollars)

19 Segment disclosures (continued)

Geographical segmentation

The Company's segments are managed on a worldwide basis. Substantially all of the Company's assets are located in Canada.

The following is a summary of revenue by geographic location in which the Company's customers are located for the three months ended December 31, 2023 and 2022:

	December 31, 2023 $	December 31, 2022 $
Canada	79,070	209,851
United States	199,278	206,468
Other	17,206	2,505
	294,554	418,824

20 Subsequent events

On January 9, 2024, the Company approved the grant of 8,400,000 stock options to directors, officers, employees and consultants. The stock options have an exercise price of $0.01 and will vest one third on each of the grant, first anniversary and second anniversary dates. The stock options will expire after three years if not exercised.

On January 14, 2024, 50,000 stock options were cancelled, with an exercise price of $0.10 and an expiry date of May 19, 2027.

On January 25, 2024, 400,000 options were cancelled, with an exercise price of $0.10 and an expiry date of May 19, 2027, 120,000 options were cancelled, with an exercise price of $0.15 and an expiry date of April 24, 2024, 133,333 options were cancelled with an exercise price of $0.30 and an expiry date of February 1, 2027, and 175,000 options were cancelled, with an exercise price of $0.50 and an expiry date of April 24, 2024.

On February 1, 2024, the Company closed on a non-brokered private placement financing for 6,500,000 common shares at a price of $0.01 per common share for gross proceeds of $65,000. Pursuant to the private placement, close family members of a director and officer of the Company acquired 6,000,000 common shares for $60,000.