

Condensed Consolidated Interim Financial Statements of

FORWARD WATER TECHNOLOGIES CORP.

For the three and nine months ended December 31, 2023 and 2022
(Unaudited)

Notice of No Auditors' Review of Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Forward Water Technologies Corp. (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 condensed consolidated interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FORWARD WATER TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2023 and March 31, 2023

(Unaudited)

	December 31, 2023	March 31, 2023
Assets		
Current assets:		
Cash	\$ 61,927	\$ 969,956
Short-term investments	28,064	28,064
Amounts receivable (note 4)	120,455	76,974
Prepaid expenses	257,055	55,229
Total current assets	467,501	1,130,223
Property and equipment (note 5)	1,357,620	1,004,179
Total assets	1,825,121	2,134,402
Liabilities		
Current liabilities:		
Accounts payables and accrued liabilities (note 6)	695,450	345,881
Government loan payable (note 9)	40,000	36,769
Loans payable (note 8(a))	298,653	300,000
	1,034,103	682,650
Deferred capital contributions (note 7)	13,480	20,572
Total liabilities	1,047,583	703,222
Shareholders' equity		
Share capital (note 10)	9,982,121	9,637,121
Warrants (note 10)	1,945,665	1,760,865
Contributed surplus	2,736,862	2,699,518
Deficit	(13,887,110)	(12,666,324)
Total shareholders' equity	777,538	1,431,180
Total liabilities and shareholder's equity	\$ 1,825,121	\$ 2,134,402

Going concern (note 1)

Commitments (note 12)

Subsequent events (note 10 & 15)

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board:

/s/ "C. Howie Honeyman" Director/s/ "Gerald Goldberg" Director

FORWARD WATER TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended December 31, 2023 and 2022

(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 27,410	\$ 30,369	\$ 55,234	\$ 30,369
Expenses:				
General and administrative (note 11)	216,308	243,535	932,192	704,189
Selling and marketing	50,099	54,221	134,528	209,504
Research and development	59,962	274,054	310,939	821,155
Foreign exchange loss (gain)	796	176	(2,587)	2,256
Total expenses	327,165	571,986	1,375,072	1,737,104
Operating Loss	\$ (299,755)	\$ (541,617)	\$ (1,319,838)	\$ (1,706,735)
Other expense (income):				
Amortization of deferred capital contributions (note 7)	(1,859)	(30,493)	(7,092)	(89,993)
Operating grants	(47,178)	-	(113,260)	(12,249)
Debt forgiveness	-	-	(3,922)	-
Government grant	-	-	-	(47,792)
Finance income	(507)	(169)	(598)	(504)
Finance costs	17,101	6,185	25,820	26,991
Total other income	(32,443)	(24,477)	(99,052)	(123,547)
Net loss and comprehensive loss	\$ (267,312)	\$ (517,140)	\$ (1,220,786)	\$ (1,583,188)
Basic loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of basic common shares (note 13)	114,953,660	106,128,695	109,989,687	105,881,196

See accompanying notes to condensed consolidated interim financial statements.

FORWARD WATER TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended December 31, 2023 and 2022
(Unaudited)

	Share Capital	Contributed surplus	Warrants	Deficit	Total
Balance, March 31, 2022	\$ 9,497,026	\$ 2,635,705	\$ 1,760,865	\$ (10,379,798)	\$ 3,513,798
Shares issued for services (note 10(a)(i)(ii)(iii))	135,600	-	-	-	135,600
Exercise of options (note 10(a)(ii))	4,495	(1,996)	-	-	2,499
Net loss and other comprehensive loss	-	-	-	(2,286,526)	(2,286,526)
Balance, March 31, 2023	\$ 9,637,121	\$ 2,699,518	\$ 1,760,865	\$ (12,666,324)	\$ 1,431,180
Stock based compensation (note 10(c))	-	37,344	-	-	37,344
Private placement (note 10(a)(viii))	277,200	-	184,800	-	462,000
Shares issued for services (note 10(a)(v)(vi)(vii))	67,800	-	-	-	67,800
Net loss and other comprehensive loss	-	-	-	(1,220,786)	(1,220,786)
Balance, December 31, 2023	\$ 9,982,121	\$ 2,736,862	\$ 1,945,665	\$ (13,887,110)	\$ 777,538

See accompanying notes to condensed consolidated interim financial statements.

FORWARD WATER TECHNOLOGIES CORP.
Condensed Consolidated Interim Statement of Cash Flows
For the Nine months Ended December 31, 2023 and 2022
(Unaudited)

	Nine months ended December 31,	
	2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (1,220,786)	\$ (1,588,968)
Items not involving cash:		
Depreciation of property and equipment (note 5)	29,488	198,645
Amortization of deferred capital contributions (note 7)	(7,092)	(89,993)
Share-based compensation (note 10(c))	37,344	26,588
Shares issued for services (note 10(a)(v)(vi)(vii))	67,800	113,000
Finance costs (note 8 and note 9)	5,806	26,991
Debt forgiveness	(3,922)	-
Changes in non-cash operating working capital:		
Amounts receivable	(43,481)	166,456
Investment tax credits receivable	-	(3,074)
Prepaid expenses	(201,826)	279,603
Accounts payable and accrued liabilities	349,569	(278,559)
Net cash used in operating activities	(987,100)	(1,149,311)
Financing activity:		
Proceeds on issue of subscription receipts (note 11)	462,000	-
Net cash from financing activity	\$ 462,000	\$ -
Investing activity:		
Purchase of property and equipment (note 5)	(382,929)	(574,305)
Net cash used in investing activity	(382,929)	(574,305)
Decrease in cash	(908,029)	(1,723,616)
Cash, beginning of period	969,956	3,012,369
Cash, end of period	\$ 61,927	\$ 1,288,753

See accompanying notes to condensed consolidated interim financial statements.

FORWARD WATER TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended December 31, 2023 and 2022
(Unaudited)

1. Nature of operations and going concern:

Forward Water Technologies Corp. (the "Company" or "FWTC"), formerly Hope Well Capital Corp. ("HWCC") was incorporated under the *Business Corporations Act (Ontario)* on December 1, 2016 and was a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

On October 20, 2021, the Company completed a Qualifying Transaction (the "Transaction") with Forward Water Technologies Inc. ("FWTI"). The Transaction was completed by way of a three-cornered amalgamation pursuant to the provisions of the *Business Corporations Act (Ontario)*. Immediately following the completion of the Transaction, HWCC changed its name from "Hope Well Capital Corp." to "Forward Water Technologies Corp."

FWTI was incorporated under the *Business Corporations Act (Ontario)*. Its principal activity is the commercialization of its proprietary forward osmosis technology. The technology allows businesses to clean their wastewater that would otherwise require costly disposal.

The Transaction constituted a reverse acquisition in accordance with International Financial Reporting Standards ("IFRS") as the shareholders of FWTI took control of HWCC revenue. As FWTI was deemed to be the acquirer for accounting purposes, the resulting statements of financial position were presented as a continuance of FWTI's operations at their historical carrying values, and the comparative figures presented are those of FWTI. The results of operations, the cash flows, and the assets and liabilities of HWCC have been included in these financial statements since October 20, 2021.

The Company's shares are listed on the Exchange under the symbol "FWTC". The Company's corporate office is 1086 Modeland Road, Sarnia, Ontario, Canada.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. However, in common with many early-stage enterprises engaged in product commercialization, there is significant doubt about the appropriateness of the use of the going concern assumption because the Company has a history of losses and negative cash flows from operations.

The ability of the Company to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its shareholders, and on its ability to achieve and maintain profitable operations in the future. The Company's ability to establish profitable operations in the future is dependent upon securing additional funding and financing arrangements. Gross proceeds of \$462,000 were obtained as a result of the completion of a non-brokered private placement on October 23, 2023. The Company announced a brokered private placement on October 31, 2023 for gross proceeds of between \$1 and \$2 million. At the time of the submission of this Financial Statement, the brokered private placement has not closed. There is significant risk that sufficient funds will be available for the Company to remain as a going concern.).

For the nine months ended December 31, 2023 the Company had a loss and comprehensive loss of \$1,220,786 and an accumulated deficit of \$13,887,110.

FORWARD WATER TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements
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1. Nature of operations and going concern (continued):

Due to the facts mentioned above, there is material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and balance sheet classifications used.

Should the Company be unable to continue as a going concern and therefore be required to release its assets and discharge its liabilities in other than the normal course of business and such adjustments could be material.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, ("IAS 34"), *Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IASB). Certain information and disclosures normally included in the annual financial statement prepared in accordance with IFRS have been condensed or omitted.⁹ Accordingly, these interim financial statements should be read in conjunction with the March 31, 2023 financial statements of FWTC.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on November 29, 2023.

(b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments presented at fair value.

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

(d) Use of estimates and judgments:

The preparation of these condensed consolidated interim 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, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results may differ from these estimates.

FORWARD WATER TECHNOLOGIES CORP.

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2. Basis of preparation (continued):

Significant items subject to such estimates and judgments include the fair value of certain financial instruments. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed periodically, and the effects of revisions are recorded in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these interim financial statements are included in notes 3 and 10.

(e) Principles of consolidation:

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly owned subsidiary: Forward Water Technologies Inc.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from the Company's involvement with the entity and have the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Profit or loss of subsidiaries acquired during the year are recognized from the date of acquisition or effective date of disposal as applicable. All intercompany transactions and balances have been eliminated.

3. Significant accounting policies:

These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as FWTC's most recent annual financial statements. Accordingly, they should be read in conjunction with FWTC's most recent annual financial statements for the year ended March 31, 2023.

4. Amounts receivable:

	December 31,		March 31,	
	2023		2023	
Accounts receivable	\$	6,011	\$	9,357
Grants receivable		51,925		31,691
HST receivable		62,519		35,926
	\$	120,455	\$	76,974

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5. Property and equipment:

Cost	Equipment	Computer hardware	Construction in progress	Total
March 31, 2022	\$ 2,097,374	\$ 5,500	\$ 366,232	\$ 2,469,106
Additions	-	-	585,585	585,585
Disposal	(1,115,074)	-	-	(1,115,074)
March 31, 2023	\$ 982,300	\$ 5,500	\$ 951,817	\$ 1,939,617
Additions	-	-	382,929	382,929
December 31, 2023	\$ 982,300	\$ 5,500	\$ 1,334,746	\$ 2,322,546

Accumulated depreciation	Equipment	Computer hardware	Construction in progress	Total
March 31, 2022	\$ 1,538,059	\$ 5,500	\$ -	\$ 1,543,559
Depreciation	265,355	-	-	265,355
Disposal	(873,476)	-	-	(873,476)
March 31, 2023	\$ 929,938	\$ 5,500	\$ -	\$ 935,438
Depreciation	29,488	-	-	29,488
December 31, 2023	\$ 959,426	\$ 5,500	\$ -	\$ 964,926

Net book value	Equipment	Computer hardware	Construction in progress	Total
March 31, 2023	\$ 52,362	\$ -	\$ 951,817	\$ 1,004,179
December 31, 2023	\$ 22,874	\$ -	\$ 1,334,746	\$ 1,357,620

All property and equipment is located in Canada.

At December 31, 2023 there were no indicators of impairment.

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Notes to the Condensed Consolidated Interim Financial Statements
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6. Accounts payables and accrued liabilities:

	December 31, 2023	March 31, 2023
Trade payables	\$ 571,722	\$ 171,095
Accrued liabilities	103,714	174,786
Accrued Interest	20,014	-
	<u>\$ 695,450</u>	<u>\$ 345,881</u>

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent balances of designated grants and funding received for the purchase of equipment. The amortization of capital contributions is recorded as income in the condensed consolidated interim statement of loss and comprehensive loss.

The balance of deferred capital contributions consists of the following:

Cost	
March 31, 2022	261,859
Amortization into income	(241,287)
March 31, 2023	\$ 20,572
Amortization into income	(7,092)
December 31, 2023	\$ 13,480

8. Related party transactions:**a) Loans payable:**

In April 2018, the Company's original shareholder sold 66% of the Company to two unrelated parties.

As part of the transaction with the unrelated parties, the common shares held by the original shareholder at the time of the transaction were cancelled, 3,400 Class A common shares were issued to the original shareholder, the outstanding loan payable balance was extinguished, and two additional liabilities were established, as follows: (1) The Company issued a \$300,000 loan payable to the original shareholder payable upon the Company obtaining one million (\$1,000,000) in gross revenue, with repayments calculated as 5% of gross margin and payable within 30-days of receipt of related revenue. The loan expired on April 27, 2023 and was renewed with a maturity date of April 30, 2024. The fair value of the loan payable on initial recognition was determined to be \$134,493. The difference between the amount of \$300,000 and the fair value was recorded as debt forgiveness. During the three and nine months ended December 31, 2023 finance costs of \$990 (2022 - \$3,853) and \$2,575 (2022 - \$20,373) respectively were recorded related to this loan payable. (2) The Company entered into a loan payable in the amount of \$100,000 related to certain costs that were paid by the original shareholder on the Company's behalf as a post-closing adjustment. As of December 31, 2023, the loan balance of \$100,000 has been fully repaid.

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8. Related party transactions: (continued)

Balance at March 31, 2022	\$	279,172
Accretion expense		20,828
Balance at March 31, 2023	\$	300,000
Debt forgiveness		(3,922)
Accretion expense		2,575
Balance at December 31, 2023	\$	298,653

(b) Key management personnel:

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Salaries and benefits	\$ 65,646	\$ 65,119	\$ 205,364	\$ 194,535
Stock based compensation	10,907	5,780	37,344	26,588
	\$ 76,553	\$ 70,899	\$ 242,708	\$ 221,123

During the three and nine months ended December 31, 2023, the Company incurred consulting fees of \$12,897 (2022 - \$24,211) and \$99,352 (2022 - \$97,841) respectively to WD Numeric Corporate Services, for the services of Mike Willetts to act as Chief Financial Officer of the Company.

9. Government Loan Payable

On April 24, 2020 and March 8, 2021, the Company received loans of \$40,000 and \$20,000, respectively, pursuant to the Canada Emergency Business Account ("CEBA"). The CEBA provides zero interest, partially forgivable loans to small businesses that face ongoing non-deferrable costs, such as rent, utilities, insurance, taxes and employment costs due to COVID-19. If the balance of the loan is repaid on or before December 31, 2023, up to 33% of the loan will be forgiven. The loan bears no interest until December 31, 2023, at which point if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum.

The loans were initially measured at their fair value of \$27,291 and were subsequently measured at amortized cost, using a discount rate of 21.3%. During the three and nine months ended December 31, 2023, \$1,112 and \$3,231 (2022 - \$2,332 and \$6,618) of interest expense related to the CEBA loans was recognized and included in finance costs in the consolidated statements of loss and comprehensive loss.

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Notes to the Condensed Consolidated Interim Financial Statements
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9. Government Loan Payable (continued)

Government loan payable received during the period ended December 31, 2023 is summarized as follows:

Balance, March 31, 2022	38,382
Accretion expense	6,025
Forgivable portion of loan	(3,408)
Benefit from favourable interest rate	(4,230)
Balance, March 31, 2023	36,769
Accretion expense	3,231
Balance, December 31, 2023	\$ 40,000

10. Share capital**(a) Share capital**

Authorized: The Company is authorized to issue an unlimited number of common shares with no par value.

Issued:

	# of shares	Share Capital
Balance, March 31, 2022	105,600,099	\$ 9,497,026
Shares issued for services (note 10(a)(i)(ii)(iii))	1,414,595	135,600
Exercise of options (note 10(a)(ii))	23,800	4,495
Balance, March 31, 2023	107,038,494	\$ 9,637,121
Stock based compensation (note 10(c))	-	-
Private placement (note 10(a)(viii))	9,240,000	277,200
Shares issued for services (note 10(a)(v)(vi)(vii))	1,210,601	67,800
Balance, December 31, 2023	117,489,095	\$ 9,982,121

- i. On August 4, 2022, the Company issued a total of 502,999 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$67,800 based on the value of the services rendered.
- ii. On December 26, 2022, the Company issued a total of 588,739 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$45,200 based on the value of the services rendered.

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10. Share capital (continued)

- iii. On January 3, 2023, the Company issued a total of 322,857 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$22,600 based on the value of the services rendered.
- iv. On March 6, 2023, the Company issued a total of 23,800 common shares as result of the exercise of stock options by an officer of the Company. The fair value of the shares was determined to be 2,499.
- v. On April 20, 2023, the Company issued a total of 347,692 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$22,600 based on the value of the services rendered.
- vi. On July 4, 2023, the Company issued a total of 410,909 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$22,600 based on the value of the services rendered.
- vii. On October 5, 2023, the Company issued a total of 452,000 common shares in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company. The fair value of the shares was determined to be \$22,600 based on the value of the services rendered. Year to date, the total value of the shares issued to AGORA was \$183,299.
- viii. On October 23, 2023, the Company issued a total of 9,240,000 units at a price of \$0.05 per unit. Each unit was comprised of one (1) common share and one (1) common share purchase warrant. Each common share purchase warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.075 per share at any time on or before October 20, 2026.

The allocation of the unit between share capital and warrants was done based on the relative fair value of each of the components. The fair value of the share capital was determined to be \$277,200. The fair value of the warrants of \$184,800 was determined, using the Black-Scholes pricing model based upon the following assumptions:

Exercise price	\$ 0.075
Share price at grant date	\$ 0.03
Expected life of options	3.0 years
Expected annualized volatility	121.15%
Expected dividend rate	0%
Risk-free interest rate	4.72%

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(Unaudited)

10. Share capital (continued)**(b) Warrants**

- I. On October 23, 2023, the Company issued a total of 9,240,000 warrants in conjunction with the private placement of Subscription Receipts and the Transaction. See Note (a) (viii)

On October 20, 2023, 19,614,600 warrants expired unexercised. As at December 31, 2023, the following warrants were outstanding and exercisable:

Grant Date	Expiry Date	Number of warrants Outstanding	Exercise Price	Remaining Life (in years)
October 23, 2023	October 20, 2026	9,240,000	\$ 0.075	2.81
		9,240,000	\$ 0.075	2.81

(c) Stock options

The Company has a rolling stock option plan (the "Plan") that authorizes the Board of Directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the Plan. Under this Plan, the exercise price of each option may not be less than the market price of the shares of the Company at the date of grant. The maximum term for options granted under the Plan is five years.

The following table summarizes the movements of the stock options for the nine months ended December 31, 2023:

	Number of options	Weighted average exercise price
Options outstanding at March 31, 2022	2,733,570	\$ 0.183
Granted	1,045,000	\$ 0.093
Exercised	(23,800)	(0.105)
Expired	(2,111,070)	(0.203)
Options outstanding at March 31, 2023	1,643,700	\$ 0.124
Options outstanding at December 31, 2023	1,643,700	\$ 0.124

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10. Share capital (continued)

On January 9, 2023, 620,000 stock options were granted to certain employees of the Company. The stock options are exercisable at \$0.085 and expire on January 9, 2028. These stock options have a fair value of \$42,359. 33% of the stock options vested immediately on the grant date, 33% vested on the first anniversary of the grant date, and the remaining balance vest on the second anniversary of the grant date.

The fair value of the stock options was determined using the Black-Scholes pricing model based upon the following assumptions:

Exercise price	\$ 0.085
Share price at grant date	\$ 0.085
Expected life of options	5.00 years
Expected annualized volatility	110.41%
Expected dividend rate	0%
Risk-free interest rate	3.93%

On January 19, 2023, 425,000 stock options were granted to an officer of the Company. The stock options are exercisable at \$0.105 and expire on January 19, 2028. These stock options have a fair value of \$35,647. 33% of the stock options vested immediately on the grant date, 33% vested on the first anniversary of the grant date, and the remaining balance vest on the second anniversary of the grant date.

The fair value of the stock options was determined using the Black-Scholes pricing model

Based upon the following assumptions:

Exercise price	\$ 0.105
Share price at grant date	\$ 0.105
Expected life of options	5.00 years
Expected annualized volatility	109.68%
Expected dividend rate	0%
Risk-free interest rate	3.51%

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10. Share capital (continued)

For the three and nine months ended December 31, 2023 and 2022 \$10,907 (2022 - \$5,780) and \$37,344 (2022 - \$26,588) in stock based compensation was recognized in the consolidated statements of loss and comprehensive loss. The following table provides additional information about the outstanding stock options as at December 31, 2023:

Grant Date	Expiry Date	Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Remaining Life (in years)
November 9, 2021	November 9, 2026	622,500	414,998	0.175	2.86
January 9, 2023	January 9, 2028	620,000	206,667	0.085	4.03
January 19, 2023	January 19, 2028	401,200	117,867	0.105	4.05
		<u>1,643,700</u>	<u>739,532</u>	<u>\$ 0.124</u>	<u>3.38</u>

11. Additional information about the nature of expenses:

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
General and administrative:				
Office, administration and other	\$ 48,071	\$ 73,359	\$ 111,522	\$ 140,734
Consulting, contracts and professional fees	46,092	46,011	427,287	156,032
Salaries and benefits	111,238	124,165	356,039	386,615
Stock based compensation	10,907	-	37,344	20,808
	<u>\$ 216,308</u>	<u>\$ 243,535</u>	<u>\$ 932,192</u>	<u>\$ 704,189</u>

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Depreciation by function:				
Research and development	8,107	66,710	29,487	131,935
	<u>\$ 8,107</u>	<u>\$ 66,710</u>	<u>\$ 29,487</u>	<u>\$ 131,935</u>

12. Commitments:

The Company is committed to minimum annual lease payments under various short-term lease agreements as follows: 2024 - \$33,562.

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13. Net loss per share:

The following table sets out the weighted average basic and diluted number of outstanding shares used to compute the basic and diluted loss per share:

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Net loss and comprehensive loss	\$ (267,312)	\$ (517,140)	\$ (1,220,786)	\$ (1,583,188)
Basic and diluted weighted average number of shares outstanding	114,953,660	106,128,695	109,989,687	105,881,196
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

For the three and nine months ended December 31, 2023 and 2022, the diluted net loss per share was the same as the basic net loss per share, since the effect of conversion options and warrants would have been anti-dilutive. Accordingly, the diluted net loss per share for each year is calculated using the basic weighted average number of shares outstanding.

14. Financial risks and concentration of risk:**(a) Currency risk:**

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Company may purchase property and equipment and services denominated in U.S. dollars. The Company does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company has continued to incur losses and generate negative cash flows from operations. The Company prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows:

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14. Financial risks and concentration of risk (continued)

At December 31, 2023	Carrying amount	Total contractual cash flows	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
Accounts payables and accrued liabilities	\$ 695,450	\$ 695,450	\$ 695,450	\$ -	\$ -
Government loan payable	40,000	40,000	40,000	-	-
Loan payable	298,653	300,000	300,000	-	-
	\$ 1,034,103	\$ 1,035,450	\$ 1,035,450	\$ -	\$ -

At March 31, 2023	Carrying amount	Total contractual cash flows	Repayable within 1 year or on demand	Repayable more than 1 year but less than 2 years	Repayable more than 2 years but less than 5 years
Accounts payables and accrued liabilities	\$ 345,881	\$ 345,881	\$ 345,881	\$ -	\$ -
Government loan payable	36,769	40,000	40,000	-	-
Loan payable	300,000	300,000	300,000	-	-
	\$ 682,650	\$ 685,881	\$ 685,881	\$ -	\$ -

The Company received funding in October 2023 from its non-brokered private placement raising gross proceeds of \$462,000.

(c) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. The maximum exposure to credit risk is the Company's cash and amounts receivable balance. Substantially all the Company's cash is deposited with financial institutions in Canada that are of high-credit quality to minimize credit risk exposure. The Company is exposed to credit risk with respect to amounts receivable. The Company performs ongoing credit evaluations of its customers and maintains provisions for potential credit losses. As at December 31, 2023, no amounts receivable were considered past due.

(d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. At December 31, 2023 and March 31, 2023, the Company is not subject to interest rate risk and its debt bears interest at fixed rates.

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14. Financial risks and concentration of risk (continued)**(e) Capital risk management**

The Company's capital is composed of shareholder's equity and loans payable. The Company's objective in managing its capital is to ensure it maintains capital ratios in order to support its business. The Company manages its capital structure through regular reviews of financial information to ensure adjustments can be made to be in line with changes in the economic conditions and to maintain value for the shareholder.

The Company's capital is made up of the following:

		December 31, 2023		March 31, 2023
Shareholder Equity	\$	777,538	\$	1,431,180
Loans Payable		298,653		300,000
	\$	1,076,191	\$	1,731,180

15. Subsequent events

On January 16, 2024, the Company issued a total of 452,000 common shares in the amount of \$22,600 in settlement of compensation to AGORA Internet Relations Corp. for certain advertising services provided to the Company.