Minerva Intelligence Inc.

Consolidated Financial Statements
For the Years ended December 31, 2022 and 2021

(Stated in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Minerva Intelligence Inc.:

Opinion

We have audited the consolidated financial statements of Minerva Intelligence Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Simi Sodhi.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 26, 2023

Minerva Intelligence Inc.
Consolidated Statements of Financial Position
December 31, 2022 and 2021
(Stated in Canadian Dollars)

	Note	Year ended December 31, 2022	2021
Assets			
Current Assets			
Cash		$ 1,140,192	$ 3,177,392
GST receivable		8,367	-
Accounts receivable		6,765	120,272
Prepaid and other expenses		73,102	239,342
		1,228,426	3,537,006
Non-Current Assets			
Equipment	5	54,209	37,873
Right of use assets	6	237,229	4,836
Intangible assets	7	-	156,545
Total Assets		**$ 1,519,864**	**$ 3,736,260**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	12	$ 270,518	$ 202,964
GST payable		-	8,149
PST payable		5,936	-
Lease liability	8	57,464	4,836
Deposits		-	54,538
		333,918	270,487
Non-Current Liabilities			
Lease liability	8	140,768	-
		474,686	270,487
Shareholders' Equity			
Common shares	9	13,876,918	13,876,918
Option reserve	9	755,117	695,967
Warrant reserve	9	152,477	152,477
Deficit		(13,739,334)	(11,259,589)
Shareholders' Equity		1,045,178	3,465,773
Total Shareholders' Equity		**$ 1,519,864**	**$ 3,736,260**
Discontinued Operations	15		
Events after the reporting period	16		

s/ "Scott Tillman"
Director

s/ "Jason Petralia"
Director

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

Minerva Intelligence Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

	Note	Year ended December 31, 2022	2021
Sales	13	$ 104,892	$ 268,679
Expenses			
Advertising and promotion		198,717	$ 250,999
Amortization	5,6,7	147,704	194,390
Consulting - Corporate development		-	29,000
Consulting - Product development	12	140,089	48,883
Directors' fees	12	115,500	101,710
General and administrative	8	183,229	129,937
Outsourced services		16,320	51,690
Professional fees	12	135,325	120,642
Regulatory and filing fees		63,315	-
Research and development		-	18,750
Salaries and wages	12	1,049,464	1,041,451
Share-based compensation	12	39,655	162,756
Software application subscriptions		53,669	183,464
Transfer agent and filing fees		17,330	44,675
Travel		62,964	19,189
		(2,223,281)	(2,397,536)
Other Items			
Foreign exchange gain (loss)		7,523	(12,004)
Interest expense	8	(11,124)	(1,713)
Interest income		319	1,864
Loss on disposal of assets	5	(10,164)	-
Loss on write off of intangible asset	7	(21,799)	-
Loss on write off of accounts receivable	15	(48,430)	-
Gain on deposits retained	15	150,436	-
		66,761	(11,853)
Loss from continuing operations		(2,051,628)	(2,140,710)
Loss from discontinued operations		(428,117)	(697,935)
Loss and comprehensive loss		$ (2,479,745)	$ (2,838,645)
Loss per share:			
Basic and diluted - continuing operations		$ (0.03)	$ (0.04)
Basic and diluted - discontinued operations	15	(0.01)	(0.01)
		$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding			
Basic and diluted		76,958,037	55,042,198

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

Minerva Intelligence Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2022 and 2021

(Stated in Canadian Dollars)

		Common Shares					
	Note	Number of Shares	Amount	Option reserve	Warrant reserve	Deficit	Total Shareholders' Equity
Balance at December 31, 2020		44,675,005	$ 9,442,692	$ 480,023	$ -	$ (8,420,944)	$ 1,501,771
Issue of units for cash	9	32,283,032	4,677,978	-	152,477	-	4,830,455
Share issue costs	9	-	(243,752)	-	-	-	(243,752)
Share-based compensation		-	-	215,944	-	-	215,944
Loss for the year		-	-	-	-	(2,838,645)	(2,838,645)
Balance at December 31, 2021		**76,958,037**	**13,876,918**	**695,967**	**152,477**	**(11,259,589)**	**3,465,773**
Share-based compensation	9	-	-	59,150	-	-	59,150
Loss for the year		-	-	-	-	(2,479,745)	(2,479,745)
Balance at December 31, 2022		**76,958,037**	**$ 13,876,918**	**$ 755,117**	**$ 152,477**	**$ (13,739,334)**	**$ 1,045,178**

Minerva Intelligence Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Stated in Canadian Dollars)

	Year ended December 31, 2022	2021
Operating Activities		
Loss for the year	$ (2,479,745)	$ (2,838,645)
Items not involving cash		
Amortization	147,704	194,390
Share-based compensation	59,150	215,944
Interest on lease liability	11,124	1,713
Disposal of equipment	11,695	-
Gain on disposal of discontinued operations	(954,691)	-
Gain on deposits retained	(150,436)	-
Loss on Accounts receivable	48,430	-
Loss on intellectual assets	21,799	-
Changes in non cash working capital items		
Accounts receivable	45,277	(84,338)
GST receivable	(16,516)	19,540
PST payable	5,936	-
Prepaid and other expenses	127,273	(172,127)
Accounts payable and accrued liabilities	183,235	(37,477)
Net cash used in operating activities	(2,939,765)	(2,701,000)
Financing Activities		
Issuance of common shares, net of share issuance costs	-	4,586,703
Disposal of discontinued operations	1,000,000	-
Lease financing expense	(46,896)	(58,266)
Cash provided by financing activities	953,104	4,528,437
Investing Activities		
Acquisition of equipment	(50,539)	(9,953)
Disposal of equipment	-	397
Cash used in investing activities	(50,539)	(9,556)
Net change in cash	(2,037,200)	1,817,881
Cash, beginning balance	3,177,392	1,359,511
Cash, ending balance	**$ 1,140,192**	**$ 3,177,392**
Supplemental cash flow information		
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -
Broker warrants (note 9)		

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

1. Nature and Continuance of Operations

Minerva Intelligence Inc. (the “Company”) was incorporated on August 16, 2017 pursuant to the *Business Corporations Act* of British Columbia. On March 14, 2018, the Company completed its Initial Public Offering (“IPO”) and on March 26, 2018, the Company’s shares commenced trading on the TSX-V.

Minerva Intelligence (Canada) Ltd. (“Minerva Canada”) was incorporated on May 17, 2017 pursuant to the Business Corporations Act of Ontario. On April 23, 2019, Minerva Canada continued its jurisdiction of incorporation from Ontario to British Columbia. During the year ended December 31, 2019, the Company acquired Minerva Canada. Minerva Intelligence GmBH, a German subsidiary company, was incorporated on September 24, 2019. Minerva Intelligence (U.S.), Inc., a currently inactive US subsidiary, was incorporated in Delaware on August 2, 2022.

On December 9, 2022 the Company announced the sale of the geology division, including the DRIVER software platform to Bentley Systems, for Seequent, The Bentley Subsurface Company for $1 million CAD. See Note 15 Discontinued Operations.

The head office and principal place of business of the Company is located at Suite 810, 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3. The registered office of the Company is located at 2900 - 595 Burrard Street, Vancouver, B.C. V7X 1J5.

Minerva is an artificial intelligence software company focused on building decision support tools for climate risk. The Company provides decision-support tools that help our customers reach conclusions faster and with the rigor needed to trust the results.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2022, the Company had an accumulated deficit of $13,739,334 (2021 - $11,259,589), and, for the year ended December 31, 2022, a loss from continuing operations of $2,051,628 (2021 - $2,140,710) and cash used in operations of $2,939,765 (2021 - $2,701,000). Future operations are dependent on the Company’s ability to raise additional financing and the attainment of profitable operations. The Company will require equity or debt financings in order to continue research and development, as required of, and to maintain and update, its intangible assets and fund its administrative operations.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved for issuance by the Board of Directors on April 26, 2023.

Basis of presentation

The consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars, unless otherwise indicated, which is also the functional currency of the Company and Minerva Canada. The functional currency of Minerva Intelligence GmbH is the Euro. The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements include the accounts of the Company and it's three wholly owned subsidiaries. Subsidiaries are entities the Company controls, either directly or indirectly, where control is defined as the power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns:

	Relationship	**Ownership Percentage**
Minerva Intelligence Inc.	Parent	100%
Minerva Intelligence (Canada) Ltd.	Subsidiary	100%
Minerva Intelligence GmbH	Subsidiary	100%
Minerva Intelligence (U.S.), Inc.	Subsidiary	100%

All inter-company balances and transactions have been eliminated on consolidation.

3. Summary of Significant Accounting Policies

Cash

Cash in the consolidated statements of financial position is comprised of cash at banks, or held in trust, deposits held with financial institutions that are cashable, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. There were no cash equivalents at December 31, 2022 and 2021.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs of replacement parts are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated using a straight-line method to allocate the cost of the assets over their useful lives. The amortization rates applicable to each category of equipment are as follows:

Asset	Rate
Computer equipment	Straight-line, 3 years
Furniture and fixtures	Straight-line, 5 years

The rates of amortization and useful lives of assets are evaluated and adjusted as necessary at each reporting period end.

Government assistance

The Company records government assistance provided there is reasonable assurance that the Company has complied and will continue to comply with all conditions of the government funding. Government assistance relating to current expenses is included in the determination of net income and is included as a decrease to the related line item in profit or loss.

Intangible assets

Intangible assets consist of costs incurred to acquire and develop the Company's software to earn revenue with respect to the Company's business operations. Development costs are capitalized in accordance with International Accounting Standard ("IAS") 38, Intangible Assets, and accordingly are recognized when the Company can demonstrate (i) the technical feasibility of completing the asset, (ii) the intention to complete and use or sell the asset, (iii) the ability to use or sell the asset, (iv) how the asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the platform development and to use or sell the asset, and (vi) ability to reliably measure the expenditure attributable to the asset during its development. Costs that do not meet these criteria are considered research costs and are expensed as incurred.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The Company reviews the intangible assets for amortization and impairment each reporting period. The software is amortized over its estimated useful life of 5 years on a straight-line basis.

Share Capital

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced, and any residual value is allocated to the warrants reserve.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 provides a practical expedient for lessees accounting for rent concessions that arise and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- The reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession. The Company has elected to utilize the practical expedient for all rent concessions that meet the criteria. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Right of use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term using the straight line method.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Impairment of non-financial assets

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indications exist, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the amortization charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life. Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

The Company provides proprietary AI software and related consulting services to clients, with a current focus on Geohazards related industries. These services typically result in a single deliverable product.

Revenue is recognized with respect to AI and related consulting services either:

- upon transfer of control of promised goods or services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services; or
- upon invoicing when the contract specifies the expected stage of development of the project and time at which an invoice should be issued. Revenue is generally recognized progressively by reference to the stage of completion of the contract, commonly referred to as the percentage-of-completion method.

The Company's goods and services are generally distinct and accounted for as separate performance obligations. A good or service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. When a contract includes more than one performance obligation, the total amount of consideration to be received is allocated to distinct goods and services for each of the goods and services in the customer contract.

Software as a Service ("SaaS") application licenses provide the customer with a right to use the software. Revenue is recognized for these licenses when the customer can benefit from the licenses, which is typically when it is delivered or made available to the customer. Should the license include separate, prepaid support and maintenance services, those services will be considered to be a separate obligation, and revenue will be recognized pro rata over the term of the license, which is expected to typically be twelve months. Support and maintenance which is billable based upon its occurrence will be recorded as revenue at the time support and/or maintenance is provided.

Foreign currencies

The consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated to the functional currency at exchange rates as at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate as at the date of the consolidated statement of financial position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at the period-end exchange rates. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve.

Share-based payments

The Company may grant employees (including directors and senior executives) stock options exercisable for common shares of the Company ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity or as a liability, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees or counterparties become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. When stock options are granted, the corresponding amount is recognized in option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee, or counterparty, as measured at the date of modification.

When share-based awards expire unexercised or are cancelled the amounts recorded in reserves with respect to those share-based payments are not reclassified within equity.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the current income tax expense are those that are enacted or substantively enacted at the date of the statement of financial position.

Deferred tax

Deferred taxes are determined using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the date of each consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the date of each consolidated statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated statement of financial position. Deferred tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is computed by dividing the earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Diluted loss per share equates to basic loss per share, as the effect of potentially dilutive securities would be anti-dilutive.

Financial instruments

The Company recognizes a financial asset or financial liability on the consolidated statements of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Classification

The Company's financial assets consists of cash which is classified and measured at FVTPL and accounts receivable which are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period. The Company's financial liabilities consist of accounts payable, accrued liabilities, and deposits, which are classified and measured at amortized cost. Interest expense is reported in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are key management personnel of the Company or subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties regardless of whether a price is charged. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

New accounting standards and interpretations

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2023 that have not been applied in preparing the consolidated financial statements for the year ended December 31, 2022. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

Segment Reporting

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are reviewed regularly by the entity's chief operating decision marker; and for which discrete financial information is available.

Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statements of financial position.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Material estimates are:

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets has been determined using estimates relating to the useful life of the intangible assets.

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

Discontinued operations

The Company uses its judgment to determine whether a component of the Company that has been disposed of meets the criteria of a discontinued operation. The key area that involves management judgment in this determination is whether the component represents a separate major line of business or geographical area of operation.

(Stated in Canadian Dollars)

5. Equipment

	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2021	$ 28,503	$ 92,367	$ 19,478	$ 140,348
Additions	16,589	6,340	27,610	50,539
Disposals	(28,503)	(55,335)	(6,813)	(90,651)
December 31, 2022	$ 16,589	$ 43,372	$ 40,275	$ 100,236
Amortization:				
December 31, 2021	$ (26,857)	$ (65,596)	$ (10,022)	$ (102,475)
Additions	(3,860)	(14,135)	(4,513)	(22,508)
Disposals	28,503	46,235	4,218	78,956
December 31, 2022	$ (2,214)	$ (33,496)	$ (10,317)	$ (46,027)
Carrying Amount:				
At December 31, 2022	**$ 14,375**	**$ 9,876**	**$ 29,958**	**$ 54,209**

	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2020	$ 28,503	$ 82,811	$ 19,478	$ 130,792
Additions	-	9,953	-	9,953
Disposals	-	(397)	-	(397)
December 31, 2021	$ 28,503	$ 92,367	$ 19,478	$ 140,348
Amortization:				
December 31, 2020	$ (14,189)	$ (48,567)	$ (6,123)	$ (68,879)
Additions	(12,668)	(17,426)	(3,899)	(33,993)
Disposals	-	397	-	397
December 31, 2021	$ (26,857)	$ (65,596)	$ (10,022)	$ (102,475)
Carrying Amount:				
At December 31, 2021	**$ 1,646**	**$ 26,771**	**$ 9,456**	**$ 37,873**

(Stated in Canadian Dollars)

6. Right of Use Assets

The right of use asset is measured based on the initial amount of the lease liability on office space leased, adjusted for any initial direct costs incurred, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease for the former office at 850 West Hastings Street expired on January 31, 2022. The lease at 1166 Alberni Street commenced on May 1, 2022 and expires April 30, 2027. There were no other leases in effect during the period.

	Year ended December 31, 2022		December 31, 2021	
Cost:				
Opening balance	$	184,143	$	184,143
850 West Hastings lease end		(184,143)	$	-
1166 Alberni lease addition		268,135		-
Closing balance	$	268,135	$	184,143
Amortization				
Opening balance	$	(179,307)	$	(107,968)
850 West Hastings lease end		184,143	$	-
Amortization		(35,742)		(71,339)
Closing balance	$	(30,906)	$	(179,307)
Carrying amount	$	237,229	$	4,836

(Stated in Canadian Dollars)

7. Intangible Assets

During the year ended December 31, 2017, Minerva Canada purchased certain intangible assets from a private company with then Directors in common. The acquired intangible assets were used in the development of the Company's internally generated intangible assets. There have been no additions to intangible assets during the years ended December 31, 2021 and 2022. The Company reviews the intangible assets for indicators of impairment annually and amortized the software over a period of five years.

During the year ended December 31, 2022, $45,292 of the intangible assets were sold as part of the sale of the geology division (Note 15) and management concluded that the remaining intangible asset was impaired and a loss of $21,799 was recognized.

	Year ended December 31,			
		2022		2021
Cost:				
Opening balance	$	447,272	$	447,272
Closing balance	$	447,272	$	447,272
Accumulated amortization:				
Opening balance	$	290,727	$	201,272
Additions		89,454		89,455
Closing balance	$	380,181	$	290,727
Net of cost and accumulated amortization	**$**	**67,091**	**$**	**156,545**
Disposal (note 15)		(45,292)		-
Write off of intangible asset		(21,799)		-
Carrying amount	**$**	**-**	**$**	**156,545**

(Stated in Canadian Dollars)

8. Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The term of the new lease is for 60 months, with a discount rate of 6%, being the Company's incremental borrowing rate.

	Year ended December 31, 2022		2021
Opening balance	$ 4,836		$ 61,389
1166 Alberni lease addition	268,135		-
Prepaid rent included in security deposit	(38,967)		-
Payments applied	(46,896)		(58,266)
Interest expense	11,124		1,713
Closing balance	$ 198,232		$ 4,836
Current portion of lease liability	$ 57,464		$ 4,836
Long term portion of lease liability	140,768		-
Closing balance	$ 198,232		$ 4,836

9. Shareholders' Equity

Authorized and issued share capital

The Company has authorized an unlimited number of common shares without par value.

During the year ended December 31, 2022, there were no share issuances.

During the year ended December 31, 2021, the Company completed the following share transactions:

- 29,966,332 units were issued pursuant to a private placement at price of $0.15 per unit for gross proceeds of $4,494,950. Each unit comprised one common share of the Company and one-half common share purchase warrant of the Company. Each full warrant is exercisable at a price of $0.25 per share for a period of 24 months until September 17, 2023. Commissions of $205,772 were paid, and 1,371,813 broker warrants were issued exercisable at a price of $0.25 per share until September 17, 2023. The broker warrant was valued at $152,477 using the Black Scholes method noted below;
- 966,700 units were issued pursuant to a non-brokered private placement at price of $0.15 per unit for gross proceeds of $145,005. Each unit comprised one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable at a price of $0.20 per share for a period of 24 months until February 17, 2023; and
- 1,200,000 units were issued pursuant to a non-brokered private placement at a price of $0.15 per unit, for gross proceeds of $180,000. Each unit comprised one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable at a price of $0.20 per share for a period of 24 months until March 24, 2023.

(Stated in Canadian Dollars)

As of December 31, 2022, the Company had 76,958,037 shares issued and outstanding (2021 - 76,958,037).

As of December 31, 2022, a total of nil (2021 - 1,915,003) common shares were subject to escrow restrictions. All escrowed shares will be released from escrow as to 10% on completion of the QT (released), and an additional 15% every six months thereafter over 36 months.

Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

	December 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding, beginning of the year	5,378,500	0.19	3,900,000	0.18
Granted	1,541,750	0.07	1,863,750	0.18
Exercised	-	-	(150,000)	0.07
Cancelled and Expired	(2,427,625)	0.23	(235,250)	0.13
Outstanding, end of the period	4,492,625	$ 0.13	5,378,500	$ 0.19

(Stated in Canadian Dollars)

Stock options outstanding at December 31, 2022 are as follows:

Expiry Date	Outstanding	Exercisable	Exercise Price per Share	Remaining Contractual Life (years)
2023-11-12	111,000	111,000	$ 0.10	0.87
2023-11-12	148,000	148,000	$ 0.20	0.87
2023-11-12	111,000	111,000	$ 0.30	0.87
2023-04-07	787,125	787,125	$ 0.07	0.27
2023-09-01	10,500	10,500	$ 0.10	0.67
2023-09-01	14,000	14,000	$ 0.20	0.67
2023-09-01	10,500	10,500	$ 0.30	0.67
2023-09-16	10,500	10,500	$ 0.14	0.71
2023-09-16	14,000	14,000	$ 0.20	0.71
2023-09-16	10,500	10,500	$ 0.30	0.71
2024-11-15	1,731,250	1,731,250	$ 0.18	1.88
2024-05-30	1,534,250	1,445,750	$ 0.07	1.41
	4,492,625	4,404,125	$ 0.13	1.33

During the year ended December 31, 2021, 1,863,750 options were issued with an exercise price of $0.18 per share and a term of three years, 235,250 options expired unexercised, and 150,000 options were exercised at $0.07 per share. The market price at the time of exercise on October 27, 2021 was $0.185 per share.

During the year ended December 31, 2022, 1,541,750 options were issued with an exercise price of $0.07 per share and a term of two years, and 2,427,625 options expired or were cancelled. The Company recognized $59,150 (2021 - $215,944) **in** share-based compensation in the year ended December 31, 2022 and $39,655 (2021 - $162,756) related to continuing operations and $19,495 (2021 - $53,188) related to discontinued operations.

The options fair value was calculated using the Black-Scholes option pricing model:

	December 31, 2022	December 31, 2021
Weighted average share price	$0.07	$0.17
Risk-free interest rate	0.46%	0.25%
Expected life of option	2.0 years	3.0 years
Expected annualized volatility	123.00%	120.04%
Expected dividend rate	Nil	Nil

(Stated in Canadian Dollars)

Warrants

During the year ended December 31, 2021, 17,149,166 warrants were issued as part of the private placements. Warrants outstanding at December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Number of Warrants	Exercise Price $	Number of Warrants	Exercise Price $
Outstanding, beginning of the year	17,149,166	0.24	-	-
Issued	-	-	966,000	0.20
	-	-	1,200,000	0.20
	-	-	14,983,166	0.25
Outstanding, end of the year	17,149,166	$ 0.24	17,149,166	$ 0.24

Expiry Date	Outstanding	Exercise Price $
2023-01-19	966,000	0.20
2023-02-17	1,200,000	0.20
2023-09-15	14,983,166	0.25
	17,149,166	$ 0.24

In addition, 1,371,813 broker warrants are exercisable at a price of $0.25 per share until September 17, 2023. The broker warrants were valued at $152,477 using the Black-Scholes option pricing model:

Exercise price:	$0.25
Market price:	$0.195
Discount rate:	0.46%
Expected dividend:	nil
Expected life:	2 years
Volatility:	123.31%

10. Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity. The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company has not entered into financial instruments agreements, including derivative financial instruments for speculative purposes.

The Company's main financial risk exposures and its financial policies are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivable are exposed to credit risk, with the carrying values being the Company's maximum exposure. The Company's cash consists of deposit accounts with chartered banks. The Company's accounts receivable consists of contract payments due from governments and companies, with the carrying amounts also being the Company's maximum exposure. Management believes the Company's exposure to credit risk is not material. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the consolidated statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its operating obligations and cash on hand. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains certain cash balances in term deposits which renew periodically, and which rates reflect the market at the time of renewal. Management believes that the interest rate risk on these investments is nominal. The Company is not exposed to any other material interest rate risk aside from the term deposits noted. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk as it engages in transactions in other foreign currencies, from time to time. As December 31, 2022, the carrying values of the financial assets and liabilities denominated in US dollars were converted to CAD at a rate of 1.3541 (2021 - 1.2678) and Euros converted to CAD at the rate of 1.4487 (2021 - 1.4391). A 10% change in the foreign exchange rate would have an impact on profit and loss of $8,452 (2021 - $9,586):

	December 31, 2022	December 31, 2021
Cash (US dollar)	$ 80,239	$ 92,206
Cash (Euros)	4,775	5,785
Amounts receivable (US dollar)	-	38,034
Accounts payable and deposits (US dollar)	-	(39,714)
Accounts payable (Euros)	(494)	(450)
Total	$ 84,520	$ 95,861
10% change in the exchange rate impact	$ 8,452	$ 9,586

The Company's exposure to and management of foreign exchange risk has not changed materially from that of the prior year.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company does not have any financial instruments which are exposed to this risk. The Company's exposure to and management of price risk has not changed materially from that of the prior year.

11. Capital Management

The Company's capital currently consists of common shares, $13,876,918 at December 31, 2022 (2021 - $13,876,918). Its principal sources of cash are from sales and from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate, acquire, and operate an interest in businesses or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

(Stated in Canadian Dollars)

12. Related Party Transactions

Related parties include key management personnel, who are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel during the years ended December 31, 2022 and 2021 was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Directors' fees	$ 115,500	$ 101,710
Salaries and wages	755,526	681,754
Professional fees & Consulting	70,500	56,000
Share-based compensation	50,143	138,446
	$ 991,669	$ 977,910

Amounts due to related parties at December 31, 2022 and 2021 are unsecured, interest free and due on demand. As at December 31, 2022, accounts payable and accrued liabilities include $23,625 (2021 - $nil) owing to the Chief Software Architect of the Company, and $42,000 (2021 - $10,500) owing to directors for directors' fees.

(Stated in Canadian Dollars)

13. Segmented Information

At December 31, 2022, the Company has two reportable operating segments (2021 – one) comprised of SaaS proprietary AI software and software related consulting services. All non-current assets are located in Canada. Revenue is principally earned in Canada (previously in Canada and the United States). Increasingly, however, sales of SaaS products are made to offshore subsidiaries of companies located in Canada. Sales of SaaS products result in a revenue stream for periods from two to twelve months following the sale, while consulting services typically result in all revenues being recognized at specific contractual billing points or at the completion of the service.

The following is a breakdown of revenue by segment and geographic area based on each customers' locations for the following periods:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue		
Continuing operations		
Consulting	$ 104,892	$ 268,679
Discontinued operations (note 15)		
Consulting	-	780,620
SaaS	216,663	-
	$ 321,555	$ 1,049,299

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue		
Canada	$ 249,205	$ 759,889
United States	-	277,094
Other	72,350	12,316
	$ 321,555	$ 1,049,299

(Stated in Canadian Dollars)

14. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31, 2022	2021
Loss for the year	$ (2,479,745)	$ (2,838,645)
Expected income tax (recovery)	$ (666,000)	$ (758,000)
Items not deductible (taxable) and other	(119,000)	71,000
Share issue costs	-	(66,000)
Change in unrecognized deductible temporary differences	$ 785,000	$ 753,000
Total income tax expense (recovery)	**$ -**	**$ -**

Current income tax expense (recovery)		
Continuing operations	$ -	$ -
Discontinued operations	$ -	$ -
Deferred tax expense (recovery)		
Continuing operations	$ -	$ -
Discontinued operations	$ -	$ -

The significant components of the Company's unrecognized deferred tax assets are as follows:

	Year ended December 31, 2022	2021
Deferred tax assets (liabilities)		
Property and equipment	$ 21,000	$ 20,000
Lease liability	54,000	1,000
Share issue costs	40,000	60,000
Intangible assets	121,000	78,000
Non-capital losses available for future period	3,571,000	2,800,000
Total deferred tax assets	3,807,000	2,959,000
Unrecognized deferred tax assets	(3,743,000)	(2,958,000)
Right of use assets	(64,000)	(1,000)
Total deferred tax liabilities	(64,000)	(1,000)
Net deferred tax assets	**$ -**	**$ -**

(Stated in Canadian Dollars)

At December 31, 2022, the company had non-capital losses from continuing operations of $13,226,000 (2021 – $10,371,000) available for carry-forward to reduce future years' income taxes. These losses will expire as follows:

2037	224,000
2038	1,236,000
2039	3,830,000
2040	2,603,000
2041	2,525,000
2042	2,808,000
	13,226,000

15. Discontinued Operations

On December 9, 2022 the Company completed the sale of the geology division, including the DRIVER software platform to Bentley Systems, for Seequent, The Bentley Subsurface Company for $1 million CAD. As a result of the transaction, the Company recognized a gain of $954,691. Upon closing, the operations of the geology division were classified as a discontinued operation in the statement of loss and comprehensive loss for the years ended December 31, 2022 and 2021. The geology division was previously included in results reported for the consulting and SaaS segments.

The results of the discontinued operations were as follows:

	2022	2021
Sales	$ 216,663	$ 780,620
Expenses		
Advertising and promotion	$ 160,597	$ 47,019
Consulting - Product development	5,175	181,098
Salaries and wages	1,288,976	1,197,250
Share-based compensation	19,495	53,188
Software application subscriptions	125,228	-
	(1,599,471)	(1,478,555)
Operating loss	(1,382,808)	(697,935)
Gain on disposal of discontinued operation	954,691	-
Loss from discontinued operations	$ (428,117)	$ (697,935)

(Stated in Canadian Dollars)

The gain on disposal of the discontinued operation was determined as follows:

Cash consideration:	$ 1,000,000
Bank charges	(17)
	999,983
Net assets disposed of:	
Intangible assets	(45,292)
Gain on disposal of geology division	**$ 954,691**

As a result of the sale of the geology division, the Company recorded a gain of $150,436 related to client deposits retained under the agreement, and a loss of $48,430 related to accounts receivable which were deemed uncollectable as of December 31, 2022.

16. Events after the reporting period

The Company has evaluated its activities subsequent to December 31, 2022 and has determined that there are no material events to be reported aside from the following:

- 2,166,000 warrants expired as follows:

Expiry Date	Outstanding	Exercise Price $
2023-01-19	966,000	0.20
2023-02-17	1,200,000	0.20
	2,166,000	$ 0.20

- 1,872,000 options exercisable at prices ranging from $0.07 to $0.30 expired. 787,125 exercisable at $0.07 expired due to reaching the end of their term, and 1,084,875 cancelled due to their being held by previous employees.