
DANAVATION TECHNOLOGIES CORP.

(Formerly Wolf's Den Capital Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED

APRIL 30, 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Danavation Technologies Corp. (formerly Wolf's Den Capital Corp.) (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

As at	April 30, 2021	July 31, 2020
ASSETS		
Current Assets		
Cash	\$ 1,080,201	\$ 698,641
Accounts receivable	117,046	59,313
Inventory	176,274	22,055
Government remittances receivable	325,026	223,256
Prepaid expenses	351,379	272,559
Total Current Assets	2,049,926	1,275,824
Non-Current Assets		
Equipment (note 5)	327,567	6,290
Leasehold improvements (note 7)	173,166	-
Right-of-use assets (note 6)	1,848,580	28,389
Total Assets	\$ 4,399,239	\$ 1,310,503
EQUITY AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 580,154	\$ 283,579
Current portion of long-term debt (note 9)	-	56,170
Current portion of lease liabilities (note 8)	259,943	29,923
Due to related party (note 11)	503,689	703,668
Total current liabilities	1,343,786	1,073,340
Non-current liabilities		
Long-term lease liabilities (note 8)	1,588,637	-
Long-term debt (note 9)	-	239,500
Total Liabilities	2,932,423	1,312,840
Equity (Deficiency)		
Share capital	6,493,074	2,026,244
Warrant reserve	947,382	-
Contributed surplus	891,847	-
Deficit	(6,865,487)	(2,028,581)
Total Equity (Deficiency)	1,466,816	(2,337)
Total Equity and Liabilities	\$ 4,399,239	\$ 1,310,503

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

Nature of Operations (note 1)

Going Concern (note 2)

Subsequent Event (note 16)

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2021	2020	2021	2020
Revenue	\$ (34,637)	\$ 4,179	\$ 93,124	\$ 93,013
Costs of goods sold	(68,907)	(5,595)	(151,154)	(86,397)
Gross margin	(103,544)	(1,416)	(58,030)	6,616
Expenses				
Advertising and sales promotion	\$ 396,674	\$ 5,443	\$ 688,710	\$ 14,523
Amortization of equipment and right-of-use assets	67,423	14,195	112,763	42,584
Bank charges and interest	3,579	131	12,179	155
Consulting fees	148,569	39,501	186,590	123,536
Interest on long-term debt	-	8,686	10,344	27,821
Office and general	79,762	41,393	161,615	102,803
Professional fees	18,065	20,122	107,633	27,602
Research and development	121,812	15,597	185,142	15,597
Salaries and benefits	446,555	156,269	1,290,263	380,597
Trade show	360	-	36,667	24,674
Travel	6,167	36,002	6,469	49,193
Utilities	7,284	4,201	14,086	10,805
Vehicle	5,262	6,098	19,383	22,760
Stock-based compensation (note 13)	-	-	891,847	-
Listing expense (note 4)	-	-	1,055,185	-
	1,301,512	347,638	4,778,876	842,650
Net Loss and Comprehensive Loss for the Period	\$ (1,405,056)	\$ (349,054)	\$ (4,836,906)	\$ (836,034)
Basic and Diluted Loss per Share (notes 1 and 14)	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	102,963,977	38,432,941	89,097,009	37,253,421

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

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

For the Nine Months Ended April 30,	2021	2020
Operating Activities		
Net loss for the period	\$ (4,836,906)	\$ (836,034)
Adjustments for:		
Depreciation	112,763	42,584
Stock-based compensation (note 13)	891,847	-
Listing fee	658,767	-
Changes in non-cash working capital items:		
Accounts receivable	(57,733)	(57,514)
Government remittance receivable	107,838	(101,990)
Prepaid expenses	(54,201)	(52,486)
Accounts payable and accrued liabilities	223,531	994,044
Inventories	(154,219)	-
Net Cash Used In Operating Activities	(3,108,313)	(11,396)
Investing Activities		
Cash acquired on reverse takeover (note 4)	374,857	-
Acquisition of equipment	(145,502)	-
Leasehold improvements	(41,809)	-
Net Cash Used In Investing Activities	187,546	-
Financing Activities		
Long-term Debt	(295,670)	51,429
Advances from related party	(199,979)	(355,393)
Lease principal repayments	(122,688)	(30,000)
Proceeds from issuance of shares, net of costs prior to reverse takeover (note 4)	3,666,164	-
Proceeds on private placements	-	1,130,219
Proceeds on shares issued on exercise of warrants	254,500	-
Net Cash Provided by Financing Activities	3,302,327	796,255
Net Change in Cash	381,560	784,859
Cash, Beginning of Period	698,641	78,000
Cash, End of Period	\$ 1,080,201	\$ 862,859

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Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Common Shares (#)	Common Shares(\$)	Contributed Surplus	Warrant Reserve	Deficit	Total
Balance, July 31, 2019	200	\$ 20	\$ -	\$ -	\$ (613,684)	\$ (613,664)
Private placements, net of issuance costs	73,299,800	1,130,020	-	-	-	1,130,020
Net loss for the period	-	-	-	-	(836,034)	(836,034)
Balance, April 30, 2020	73,300,000	\$ 1,130,040	\$ -	\$ -	\$ (1,449,718)	\$ (319,678)
Balance, July 31, 2020	79,651,662	\$ 2,026,244	\$ -	\$ -	\$ (2,028,581)	\$ (2,337)
Effect of reverse takeover transaction (note 4)	22,531,725	4,052,209	-	1,107,503	-	5,159,712
Exercise of warrants	1,017,600	414,621	-	(160,121)	-	254,500
Stock-based compensation (note 13)	-	-	891,847	-	-	891,847
Net loss for the period	-	-	-	-	(4,836,906)	(4,836,906)
Balance, April 30, 2021	103,200,987	\$ 6,493,074	\$ 891,847	\$ 947,382	\$ (6,865,487)	\$ 1,466,816

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

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Business

Danavation Technologies Corp. (Formerly Wolf's Den Capital Corp.) was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. The Company's principal activity relates to the sale of micro e-paper displays and software to retailers to automate labeling, price, product, and promotions in real-time.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 5, 2021.

During the period, the Company changed its name to Danavation Technologies Corp., consolidated its common shares on the basis of 1 for 30, and changed its year end from December 31 to July 31.

On January 8, 2021, the Company executed a share exchange agreement with Danavation Technologies Inc. See Note 4.

On January 19, 2021, 8,245,000 of the Company's warrants began trading on the Canadian Securities Exchange, under the ticker symbol "DVN.WT".

The Company's common shares trade on the Canadian Securities Exchange under the symbol "DVN".

2. Going Concern

In the preparation of condensed interim consolidated financial statements, the Company's management is required to identify when events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, twelve months from the end of the reporting period. When the Company identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The Company has incurred a net loss of \$4,836,906 during the period ended April 30, 2021 and as at that date has a deficit of \$6,865,487. As a result, there is material uncertainty that may cast significant doubt as to whether the Company will have the ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to successfully generate cash flows from operations or additional funding from external resources to continue operations, both of which could be impacted by the economic slow-down arising from COVID-19. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

3. Basis of Preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2020.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended July 31, 2020.

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

3. Basis of Preparation (Continued)

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim financial statements are consistent with those applied and disclosed in note 3 to the Company's financial statements for the year ended July 31, 2020.

On January 6, 2021, Company changed its name to Danavation Technologies Corp. and consolidated its common shares on the basis of thirty pre-consolidation common shares for one post-consolidation common share.

On January 8, 2021, the Company completed a business combination with Danavation Technologies Inc.. The business combination (the "Transaction") was carried out pursuant to the terms of a share exchange agreement dated March 30, 2020, as amended, pursuant to which the Company acquired all of the issued and outstanding common shares in the capital of Danavation, in exchange for the issuance of 94,141,662 common shares of the Company to the former Danavation Technologies Inc. shareholders, such that upon completion of the Transaction the former Danavation Technologies Inc. shareholders held approximately 94% of the total number of the issued and outstanding common shares in the capital of the Company. See note 4.

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

Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. All inter-company balances and transactions have been eliminated in preparing consolidated financial statements.

The following wholly-owned subsidiaries have been consolidated within the consolidated financial statements:

Entity	Principle activity	Place of business and operations	Equity percentage
Danavations Technology Inc.	Operating Company	Canada	100%
0890810 BC Ltd.	Operating Company	Canada	100%

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

4. Reverse Takeover of Danavation Technologies Corp. (Formerly Wolf's Den Capital Corp.) by Danavation Technologies Inc.

On January 8, 2021, the Company executed a share exchange agreement (collectively, the "**Share Exchange Agreement**") with Danavation Technologies Inc. ("Danavation Tech") and certain of its shareholders at such time (the "**Danavation Tech Shareholders**") pursuant to which Wolf's Den acquired all of the issued and outstanding shares of Danavation Tech in exchange for shares of the Company as detailed below (the "**Transaction**"). The Transaction was accounted for in accordance with IFRS 2, Share-Based Payments, and constituted a reverse takeover of the Company by Danavation Tech and the Danavation Tech Shareholders for the purposes of applicable securities laws.

Pursuant to the Share Exchange Agreement, completed a consolidation of its issued and outstanding common shares (the "**Consolidation**") on the basis of one post-consolidation common share (the "**Shares**") for every thirty outstanding common shares in the capital of the the Company.

As a condition to the completion of the Transaction, Danavation Tech completed a brokered private placement of 16,490,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of \$4,122,500. Upon satisfaction of the release conditions, each Subscription Receipt was automatically exchanged, without payment of any additional consideration, into: (i) one Danavation Tech Share, each of which was immediately be exchanged for one common share of the Resulting Issuer; and (ii) one-half of one common share purchase warrant, each whole warrant exercisable to acquire a Danavation Tech Share at an exercise price of \$0.35 expiring within twenty-four months from the satisfaction of the release conditions, each of which was immediately be exchanged for warrants of the Resulting Issuer exercisable to acquire a Resulting Issuer common share on the same terms. Cash costs, including professional fees and cash broker commissions were \$456,336.

The resulting 8,425,000 warrants have been assigned an aggregate fair value of \$907,398 using the Black-Scholes valuation model, relative value method, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.25% and expected life of 2 years.

In connection with the Danavation Tech Financing, 1,272,000 broker warrants were issued at an exercise price of \$0.25 per broker warrant for twenty-four months from completion of the release conditions. The broker warrants were assigned an aggregate fair value of \$200,213 using the Black-Scholes valuation model, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.25% and expected life of 2 years.

Each of the above securities were immediately be exchanged for warrants of the Company exercisable to acquire a Share on the same terms.

The Company acquired 100% of the issued and outstanding shares of Danavation Tech, issuing 96,141,662 Shares to the holders of Danavation Tech Shares, including Danavation Tech Shares issued in connection with the Danavation Tech Financing.

Concurrently with the Consolidation, the Company changed its name to Danavation Technologies Corp., and changed its year end from December 31 to July 31.

The fair value of the consideration is as follows:

Consideration transferred - 6,041,725 shares @ \$0.25	\$	1,510,431
Net working capital		(600,450)
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Excess attributed to cost of listing		909,981
Other listing costs		145,204
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Listing expense	\$	1,055,185

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements**Three and Nine Months Ended April 30, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

5. Equipment

Cost	Furniture and Equipment	Computer	Total
Balance, July 31, 2020	\$ -	\$ 7,400	\$ 7,400
Additions	297,995	56,045	354,040
Balance, April 30, 2021	\$ 297,995	\$ 63,445	\$ 361,440

Accumulated Depreciation	Furniture and Equipment	Computer	Total
Balance, July 31, 2020	\$ -	\$ 1,110	\$ 1,110
Depreciation for the period	24,833	7,930	32,763
Balance, April 30, 2021	\$ 24,833	\$ 9,040	\$ 33,873

Carrying value	Furniture and Equipment	Computer	Total
Balance, July 31, 2020	\$ -	\$ 6,290	\$ 6,290
Balance, April 30, 2021	\$ 273,162	\$ 54,405	\$ 327,567

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

6. Right-of-Use Assets

Balance, July 31, 2020	\$ 85,167
Additions	1,928,953
Depreciation	(165,540)
Balance, April 30, 2021	\$ 1,848,580

Right-of-use assets consists of office, testing and operations facility leases and are amortized over an average of 120 months.

Maturity Analysis - Contractual Undiscounted Cash Flows

As at April 30, 2021:

Less than one year	\$ 285,938
Greater than one year	2,800,313

Total undiscounted lease obligation **\$ 3,086,251**

7. Leasehold Improvements

Leasehold improvements consists of costs incurred to build out the Company's new head office. Amortization is recorded on a straight-line basis over the term of the underlying 10 year lease.

Cost

Balance, July 31, 2020	\$ -
Additions	180,691
Balance, April 30, 2021	\$ 180,691

Accumulated Depreciation

Balance, July 31, 2020	\$ -
Depreciation	7,525
Balance, April 30, 2021	\$ 7,525

Carrying Value

At July 31, 2020	\$ -
At April 30, 2021	\$ 173,166

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

8. Lease Liability

At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the Company's incremental borrowing rate. The continuity of the lease liabilities are presented in the table below:

Balance, July 31, 2020:	\$ 29,923
Additions	1,928,953
Accretion expense	30,329
Lease payments	(140,625)
Balance, April 30, 2021	\$ 1,848,580

As at April 30, 2021:	
Less than one year	\$ 259,943
Greater than one year	1,588,637
Total lease obligation	\$ 1,848,580

Effective November 30, 2020, the Company entered into a 10 year lease for its head office.

9. Long-term Debt

	April 30, 2021	July 31, 2020
Loan Payable #1	\$ -	\$ 215,400
Loan Payable #2	-	80,260
Accretion expense	-	295,660
Less: Current portion	-	(56,170)
	\$ -	\$ 239,490

- i) Loan payable #1 - bearing interest at the Business Development Bank of Canada's floating base rate plus 4.50%, repayable in monthly installments of \$3,470 of principal plus interest, secured by a general security agreement, personal guarantee from the the directors of the Company and by a corporate guarantee from Dana Industries Inc., maturing September 1, 2025. During the period, this loan was fully repaid
- ii) Loan payable #2 - bearing interest at the Business Development Bank of Canada's floating base rate plus 1%, repayable in monthly installments of \$1,500 of principal plus interest, secured by a general security agreement, personal guarantee from the the directors of the Company and by a corporate guarantee from Dana Industries Inc., maturing March 10, 2025. During the period, this loan was fully repaid

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

10. Financial Instruments

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short-term maturities of these financial instruments.

The fair value of long-term debt is equivalent to its carrying value as the variable interest rate is comparable to the market rate.

The Company is exposed to the following risks by virtue of its activities:

Credit Risk

Cash is invested with one major bank in Canada. Management believes that the financial institution that holds the Company's cash is financially sound and, accordingly, minimal credit risk exists with respect to this asset. The accounts receivable balance is mainly due from one large retailer which has been assessed for expected credit losses and no significant allowance has been determined. The maximum credit risk is the sum of its cash and accounts receivable.

None of the Company's financial assets are secured by collateral or other credit enhancements. The Company determined that there were no financial assets that were impaired.

All of the Company's sales were attributable to one customer for the periods presented.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Prior to it being fully paid off during the current period, the Company was exposed to interest rate risk on its long-term debt, which bears interest at a variable rate plus 4.55% (2020 - 4.50%) per year.

The Company has performed a sensitivity analysis on its interest rate risk. The effect of a 1% decrease (increase) in the average interest rate paid during the period would have resulted in an increase (decrease) of approximately \$3,000 to net loss for 2021 (2020 - \$2,500), all other variables held constant. The Company's long term debt was fully repaid during the period.

Liquidity Risk

Liquidity risk arises from the Company will encounter difficulties in meeting its obligations associated with its financial liabilities. The Company is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, long-term debt and due to related party balances. The Company manages its liquidity risk by monitoring its operating requirements. As outlined in Note 2, the Company's ability to continue as a going concern is dependent upon achieving a profitable level of operations to provide it with sufficient funds to operate the business and upon obtaining additional funding from external sources.

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

11. Related Party Transactions and Key Management Compensation

	April 30, 2021	July 31, 2020
Due to companies controlled by an officer of the Company	\$ 503,689	\$ 703,668

The amount due to Dana Industries Inc. is unsecured, non-interest bearing, with no specific terms for repayment and is due on demand.

For the nine months ended April 30,	2021	2020
Compensation of key management	\$ 200,720	\$ 129,500
Stock based compensation - officers, directors and key management	\$ 503,922	\$ -

During the nine months ended April 30, 2021, the Company reimbursed \$527,541 (nine months ended April 30, 2020 - \$180,072) to a company controlled by the Company's Chief Executive Officer for executive wages, rent, travel costs and operational expenditures. Included in due to related parties at April 30, 2021 was \$352,755 related to these charges (July 31, 2020 - \$703,668). The amounts owing are unsecured, non-interest bearing and are due on demand.

During the nine month ended, a company controlled by the Cheif Executive Officer advanced \$150,934 to the Company for working capital purposes. Included in due to related parties at April 30, 2021, was \$150,934 (July 31, 2020 - \$nil). These advances are unsecured, non-interest bearing and are due on demand.

During the nine months ended April 30, 2021 the Company expensed \$27,643 (nine months ended April 30, 2020 - \$nil) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie to act as Chief Financial Officer ("CFO") of the Company
- (ii) Corporate filing services

The Marrelli Group is also reimbursed for out of pocket expenses.

Both Marrelli Support and DSA are private companies. Robert Suttie is the President of Marrelli Support.

As of April 30, 2021 the Marrelli Group was owed \$10,853 (July 31, 2020 - \$nil) and these amounts were included in accounts payable and accrued liabilities.

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

12. Warrants

The following table reflects the continuity of warrants for the nine months ended April 30, 2021 and 2020:

	Number of Warrants	Amount
Balance, July 31, 2019, April 30, 2020 and July 31, 2020	-	\$ -
Issued (Note 4)	9,697,000	1,107,503
Exercised	(1,017,600)	(160,121)
Balance, April 30, 2021	8,679,400	\$ 947,382

The following table reflects the warrants outstanding and exercisable as of April 30, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding
December 10, 2022	0.35	1.61	8,424,000
December 10, 2022	0.25	1.61	255,400
	0.35	1.61	8,679,400

13. Stock Options

The following table reflects the continuity of stock options for the nine months ended April 30, 2021 and 2020:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2019, April 30, 2020 and July 31, 2020	-	-
Granted	4,690,000	0.35
Balance, April 30, 2021	4,690,000	0.35

As at April 30, 2021, all issued and outstanding options were exercisable.

The following table reflects the stock options issued and outstanding as of April 30, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
January 14, 2026	0.35	4.71	4,690,000

Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

13. Stock Options (Continued)

On January 14, 2021, the Company granted 4,690,000 compensation options to a officers, directors, employees and consultants exercisable for a period of 5 years at \$0.35. The options were assigned a fair value of \$891,847 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 100%, risk-free interest rate of 0.46%, and a dividend yield and forfeiture rate of 0%. The options vested upon grant.

14. Loss per Share

The calculation of basic and diluted loss per share for the nine months ended April 30, 2021 and 2020 were based on the loss attributable to common shareholders of \$4,836,906 (nine months ended April 30, 2020 - \$836,034) and the weighted average number of common shares outstanding of 89,097,009 (nine months ended January 31, 2020 - 37,253,421). Diluted loss per share did not include the effect of warrants and stock options as they are anti-dilutive.

15. Impact of COVID-19

The outbreak of the novel strain of Corona Virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, ability to finance, carrying value of assets and condition of the Corporation and its operating subsidiaries in future periods. To date, the Company has not experienced a material impact related to the Covid-19 outbreak on financing, operations or logistics.

16. Subsequent Events

On May 4, 2021, the Company granted 405,000 stock options to three consultants and a director, expiring May 4, 2026 with an exercise price of \$0.40.