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# **DANAVATION TECHNOLOGIES CORP.**

(Formerly Wolf's Den Capital Corp.)

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED  
OCTOBER 31, 2021**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

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### **Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of Danavation Technologies 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)

	Note	As at October 31, 2021	As at July 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 1,514,437	\$ 5,979
Accounts Receivable		357,902	196,049
Inventory		296,543	107,932
Government remittances receivable		328,869	263,471
Prepaid Expenses and deposits		549,561	378,252
<b>Total Current Assets</b>		<b>\$ 3,047,312</b>	<b>951,683</b>
<b>Non-Current Assets</b>			
Property and Equipment	5	661,180	683,828
Right-of-use assets	6	2,136,637	2,130,182
Other Long-Term Assets		13,404	-
<b>Total Assets</b>		<b>\$ 5,858,533</b>	<b>\$ 3,765,693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable and accrued liabilities		729,185	752,862
Deferred Revenue		76,424	9,925
Interest on long-term debt	8	25,667	-
Current portion of lease liabilities	7	166,862	149,701
Due to related party	10	503,732	599,968
<b>Total current liabilities</b>		<b>1,501,871</b>	<b>1,512,456</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	7	1,988,545	1,967,715
Long-term debt	8	3,075,415	-
<b>Total Liabilities</b>		<b>6,565,832</b>	<b>3,480,171</b>
<b>Equity (Deficiency)</b>			
Share Capital		6,498,136	6,361,256
Contributed surplus		2,167,688	1,772,962
Deficit		(9,373,123)	(7,848,696)
<b>Total Equity (Deficiency)</b>		<b>(707,299)</b>	<b>285,522</b>
<b>Total Equity and Liabilities</b>		<b>\$ 5,858,533</b>	<b>\$ 3,765,693</b>

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 15)**

## Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

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

	Note	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020
<b>Revenue</b>		\$ 138,211	\$ 13,000
<b>Cost of Goods Sold</b>		229,051	3,964
<b>Gross Margin</b>		\$ (90,840)	\$ 9,036
<b>Expenses</b>			
Advertising and sales promotion		\$ 384,763	\$ 143,778
Amortization of equipment and right-of-use assets	5,6	104,211	16,082
Bank charges and interest		50,903	251
Consulting fees		24,000	17,088
Interest on long-term debt	8	110,987	9,703
Office and general		128,251	70,067
Professional fees		52,990	55,442
Research and development		11,465	-
Salaries and benefits		500,489	311,372
Trade show		28,443	6,000
Travel		22,730	122
Utilities		6,116	4,390
Vehicle		8,239	5,261
		1,433,587	639,556
<b>Net Loss and Comprehensive Loss for the Period</b>		\$ (1,524,427)	\$ (630,520)
<b>Basic and Diluted Loss per Share</b>	13	\$ (0.01)	\$ (0.01)
<b>Weighted Average Number of Common Shares Outstanding</b>	13	103,229,030	79,651,662

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 Three Months Ended October 31, 2021	For the Three Months Ended October 31, 2020
	Note	
<b>Operating Activities</b>		
Net loss for the period	\$ (1,524,427)	\$ (630,520)
Adjustments for items not involving cash:		
Depreciation	104,211	16,082
Lease Interest	56,508	496
Debenture Interest	26,571	-
Bad debt expenses	(1,106)	-
Changes in non-cash working capital items:		
Accounts receivable	(161,853)	5,442
Government remittance receivable	(65,398)	(8,178)
Prepaid expense	(171,309)	52,995
Deferred Revenue	66,499	-
Accounts payable and accrued liabilities	1,990	95,655
Inventories	(188,611)	(86,710)
<b>Net Cash Used in Operating Activities</b>	<b>(1,856,925)</b>	<b>(554,738)</b>
<b>Investing Activities</b>		
Acquisition of property and equipment	(9,771)	-
Long Term Assets	(13,404)	-
<b>Net Cash Used in Investing Activities</b>	<b>(23,175)</b>	<b>-</b>
<b>Financing Activities</b>		
Long-term Debt	3,492,557	(11,670)
Advances from related party	(96,236)	(100,269)
Lease principal repayments	(96,763)	(15,000)
Proceeds from issuance of shares, net of costs	89,000	(16,774)
<b>Net Cash Provided by Financing Activities</b>	<b>3,388,558</b>	<b>(143,713)</b>
<b>Net Change in Cash</b>	<b>1,508,458</b>	<b>(698,451)</b>
<b>Cash, Beginning of Period</b>	<b>5,979</b>	<b>698,641</b>
<b>Cash, End of Period</b>	<b>1,514,437</b>	<b>190</b>

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 Changes in Equity (Deficiency)****(Expressed in Canadian Dollars) (Unaudited)**

	Note	Common Shares (#)	Common Shares (\$)	Warrant Reserve	Share Option Reserve	Debenture Reserve	Deficit	Total
<b>Balance, July 31, 2020</b>		<b>79,651,662</b>	<b>2,026,244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,028,581)</b>	<b>(2,337)</b>
Increase in share capital(net of issuance costs)		0	(16,774)	0	0	0	0	(16,774)
Net loss for the period		0	0	0	0	0	(630,520)	(630,520)
<b>Balance, October 31, 2020</b>		<b>79,651,662</b>	<b>2,009,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,659,101)</b>	<b>(649,631)</b>
<b>Balance, July 31, 2021</b>		<b>103,200,987</b>	<b>6,361,256</b>	<b>777,223</b>	<b>995,739</b>	<b>0</b>	<b>(7,848,696)</b>	<b>285,522</b>
Exercise stock options	12	200,000	108,000	0	(38,000)	0	0	70,000
Exercise/Issue warrants	11	76,000	28,880	49,497	0	0	0	78,377
Long Term Financing	8	0	0	0	0	383,229	0	383,229
Net loss for the period		0	0	0	0	0	(1,524,427)	(1,524,427)
<b>Balance, October 31, 2021</b>		<b>103,476,987</b>	<b>6,498,136</b>	<b>826,720</b>	<b>957,739</b>	<b>383,229</b>	<b>(9,373,123)</b>	<b>(707,299)</b>

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

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# Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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### 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 consolidated financial statements were authorized for issuance by the Board of Directors of the Company on December 29, 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 (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 ("CSE") under the symbol "DVN" and on the OTCQB Venture Market in the US under the symbol "DVNCF".

### 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 \$1,524,427 during the three months ended October 31, 2021. 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. The company has available cash of \$1,514,437 as of October 31, 2021. The directors of the Company believe that the existing loan facilities will continue to be made available to the Company and will not be withdrawn by the counterparties within the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Company has a number of sources of funds available to enable its obligation and commitments to be settled on a timely manner (note 15). Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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# Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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### 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, 2021. 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 audited financial statements for the year ended July 31, 2021.

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 the Company's audited financial statements for the year ended July 31, 2021.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency. These 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
Danavation Technology Inc.	Operating Company	Canada	100%
0890810 BC Ltd.	Operating Company	Canada	100%

### 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 Company.

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## Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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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 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 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 8,245,000 warrants have been assigned an aggregate fair value of \$744,009 by calculating the fair value using the Black Scholes valuation model and allocating a percentage of the subscription receipts to the warrants. The Black Scholes valuation was done with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.24% 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 \$165,885 using the Black-Scholes valuation model, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.24% 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.

## 5. Property and Equipment

As of October 31, 2021, property and equipment consisted of the following:

<b>Cost</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Computer</b>	<b>Total</b>
Balance, July 31, 2021	\$ 279,103	\$ 357,005	\$ 87,236	\$ 723,344
Additions	-	7,653	2,118	9,771
Balance, Oct 31, 2021	\$ 279,103	\$ 364,658	\$ 89,354	\$ 733,115



## Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

<b>Accumulated Depreciation</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Computer</b>	<b>Total</b>
Balance, July 31, 2021	\$ 6,944	\$ 20,988	\$ 11,584	\$ 39,516
Depreciation for the period	6,978	18,112	7,328	32,419
<b>Balance, Oct 31, 2021</b>	<b>\$ 13,922</b>	<b>\$ 39,100</b>	<b>\$ 18,912</b>	<b>\$ 71,935</b>

<b>Carrying Value</b>	<b>Leasehold Improvements</b>	<b>Furniture and Equipment</b>	<b>Computer</b>	<b>Total</b>
<b>Balance, July 31, 2021</b>	<b>\$ 272,159</b>	<b>\$ 336,017</b>	<b>\$ 75,652</b>	<b>\$ 683,828</b>
<b>Balance, Oct 31, 2021</b>	<b>\$ 265,181</b>	<b>\$ 325,558</b>	<b>\$ 70,442</b>	<b>\$ 661,180</b>

Property and equipment are recorded at cost. Amortization is provided for on a straight-line basis on the following useful lives:

<b>Asset</b>	<b>Useful lives</b>
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Term of lease

#### 6. Right-of-Use Assets

Balance, July 31, 2021	\$ 2,130,182
Additions/Deletions	78,247
Depreciation	(71,791)
<b>Balance, Oct 31, 2021</b>	<b>\$ 2,136,637</b>

Right-of-use assets consists of office, testing and operations facility leases and are amortized 120, 36 and 24 months.

#### Maturity Analysis - Contractual Undiscounted Cash Flows

As at Oct 31, 2021:	
Less than one year	\$ 414,552
Greater than one year	2,910,707
<b>Total undiscounted lease obligation</b>	<b>\$ 3,325,259</b>

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## Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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#### 7. 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:

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<b>Carrying value, July 31, 2021:</b>	\$ 2,117,416
Additions	78,247
Accretion expense	56,508
Lease payments	(96,763)
<b>Balance, Oct 31, 2021</b>	<b>\$ 2,155,407</b>

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#### As at July 31, 2021:

Less than one year	166,862
Greater than one year	1,988,545

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**Total lease obligation** **\$ 2,155,407**

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Effective May 15, 2021, the Company began the 10 year lease for its head office.

#### 8. Long-term Debt

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	Oct 31, 2021	July 31, 2021
Convertible Debenture(note i)	3,101,082	-
Less: Current portion	(25,667)	-
Long-term Debt	\$ 3,075,415	\$ -

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	Oct 31, 2021
Convertible Debenture Payable	\$ 3,850,000
Discount on Debenture(IAS 32)	(361,601)
Less Unamortized Costs:	
Issuance Costs	(358,555)
Commission Options	(54,429)
Long-term Debt	\$ 3,075,415

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# Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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### Future interest payments on the convertible debenture are as follows:

2021	\$	77,000
2022		308,000
2023		308,000
2024		194,504
	<b>\$</b>	<b>887,504</b>

- i) The Company entered into an agreement with Computershare Trust Company of Canada (Computershare) on August 17, 2021 in which the Company received \$3,850,000 of unsecured convertible subordinated debentures subject to interest at 8.00% per annum, paid quarterly, with a maturity date of August 17, 2024. As part of the agreement \$379,646 in issuance costs (legal fees, commissions) were paid to arrange the debenture. In addition, 421,111 commission stock options that are convertible to common shares were issued to the broker that arranged the financing.

The terms for the debenture are that it may be converted, in whole or in part, at the option of the holder into common shares of the Company. The conversion price is \$0.45/common share at any time up to the maturity date of August 17, 2024. However if the daily volume weighted average price of the common shares on the CSE for 20 consecutive days exceeds \$0.75, as adjusted in accordance with the indenture, the Company may deliver a Forced Conversion Notice to Computershare by way of a news release to cause the registered holder to have to convert all but not less than the principal amount of the Debentures into that number of common shares of the Company equal to the principal amount of the Debentures to the Forced Conversion Date.

IAS 32 Financial instruments states that an assessment must be done to evaluate whether the instrument contains both a liability and an equity component. Management has determined that a liability and equity component exist for this instrument due to the conversion feature. This is determined by calculating the fair value of the debt component and setting up a financial liability for that amount. The residual balance between the proceeds received and the fair value of the debt is recognized in equity. The fair value of the debt is measured at the fair value of a similar liability that does not have an associated equity component. Management has determined that the interest rate that could be obtained for a similar debt is 12%. Using this interest rate, the fair value of the debt is \$3,466,771. This debenture appears on the balance sheet with a discount of \$383,229 representing the equity component. This will be amortized on a straight line basis over the term of the debenture to interest expense. If the conversion feature is exercised the debt and equity portions will be derecognized, and the common shares will be recognized.

The Company incurred \$379,646 for debenture issuance costs. These will appear as a contra-liability account to the debenture and amortized to interest expense on a straight line basis over the debenture term.

IFRS 2 Share-based payments states that share-based payments with non-employees are measured when the services are rendered and at fair value. If the fair value cannot be determined then the fair value of the options can be used. Management cannot reliably determine the fair value of the services and has valued the options at \$59,377 using the Black Scholes method. The calculation was done with a dividend yield 0%, 0.81% annual risk free interest rate, 100% volatility and a 2 year maturity. This will appear as a contra-liability account to the debenture and amortized over 2 years to interest expense.

# Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

### 9. 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 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 due from a few retailers which have 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.

#### Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

#### Market Risk

##### *Foreign currency risk*

The parent company's functional currency is the Canadian dollar. At October 31, 2021, \$110,686 of the Company's liabilities are in US funds. The Company is moderately exposed to foreign exchange risk.

##### *Price risk*

The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices.

### 10. Related Party Transactions and Key Management Compensation

	Oct 31, 2021	July 31, 2021
Dana Industries	\$ 352,777	\$ 433,013
K Iccir Holdings Inc.	150,955	166,955

The amounts due to Dana Industries Inc. and K Iccir Holdings Inc. is unsecured, non-interest bearing, with no specific terms for repayment and are due on demand.

<b>For the three months ended October 31,</b>	<b>2021</b>	<b>2020</b>
Compensation paid to key management	<b>204,638</b>	<b>0</b>

The compensation paid to key management includes Executive wages and bonuses as per terms of employment.

During the three months ending October 31, 2021 the Company paid \$19,481 (period ending October 31, 2020 - \$nil) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

## Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

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

The amount represents the final expenses for Robert Suttie (former CFO) through July 30, 2021.

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

During the 3 months ended October 31, 2021 the Company expensed \$26,080 (2020: \$nil) to Loberto and Associates ("Loberto") for Executive Search services. The Company is a related party to Tom Loberto (Director). The amount owing to Loberto was \$30,849 at October 31, 2021 and was included in accounts payable and accrued liabilities.

## 11. Warrants

The following table reflects the continuity of warrants for the period ending October 31, 2021 and July 31, 2021:

	Number of Warrants		Amount
<b>Balance, July 31, 2021</b>	<b>\$</b>	<b>8,499,400</b>	<b>\$ 777,223</b>
Issued		421,111	59,377
Exercised		(76,000)	(9,880)
<b>Balanced, October 31, 2021</b>	<b>\$</b>	<b>8,844,511</b>	<b>\$ 826,720</b>

The following table reflects the warrants outstanding and exercisable as of October 31, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding
December 10, 2022	0.35	1.11	8,244,000
December 10, 2022	0.25	1.11	179,400
August 17, 2023	0.45	1.79	421,111
	<b>0.35</b>	<b>1.14</b>	<b>8,844,511</b>

## 12. Stock Options

The following table reflects the continuity of stock options for the period ending October 31, 2021 and July 31, 2021:

	Number of Stock Options	Weighted Average Exercise Price (\$)
<b>Balance, July 31, 2021</b>	<b>5,045,000</b>	<b>0.35</b>
Expired	(50,000)	0.35
Exercised	(200,000)	0.35
<b>Balanced, July 31, 2021</b>	<b>4,795,000</b>	<b>\$ 0.35</b>

As at October 31, 2021, all issued and outstanding options were exercisable.

The following table reflects the stock options issued and outstanding as of October 31, 2021:

# Danavation Technologies Corp.

(Formerly Wolf's Den Capital Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended October 31, 2021

(Expressed in Canadian Dollars) (Unaudited)

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life(Years)	Number of Options Outstanding
January 14, 2026	0.35	4.20	4,390,000
May 4, 2026	0.40	4.50	405,000
	<b>0.35</b>	<b>4.23</b>	<b>4,795,000</b>

### 13. Loss per Share

The calculation of basic and diluted loss per share for the three months ending October 31, 2021 and 2020 were based on the loss attributable to common shareholders of \$1,524,427 (period ending October 31, 2020 - \$630,520) and the weighted average number of common shares outstanding of 103,229,030 (October 31, 2020 – 79,651,662). Diluted loss per share did not include the effect of warrants and stock options as they are anti-dilutive.

### 14. 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.

### 15. Subsequent Events

On December 20, 2021, the Company granted options to purchase an aggregate of 1,775,000 common shares of the Company (the “Common Shares”) exercisable at a price of \$0.40 per share for a period of five years to certain officers, directors and consultants of the Company. The Common Shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.

On December 21, 2021, the Company issued a convertible promissory note in the principal amount of \$750,000 CDN in favour of a certain holder (the “Note”). The Note matures on the earlier of: (i) the completion of a minimum financing of C\$1,000,000 or (ii) April 30, 2022 (Maturity Date) and will bear interest at an interest rate of 7% per annum calculated at the Maturity Date. Subject to regulatory approval, if required, the Note is convertible into securities of the Company at the option of the holder subject to the completion of the Financing on or prior to the Maturity Date at a conversion price equivalent to the securities issued under the Financing.