

---

# **DANAVATION TECHNOLOGIES CORP.**

## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
APRIL 30, 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

---

### **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.**  
**Unaudited Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars) (Unaudited)**

As at	April 30, 2022	July 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 19,062	\$ 5,979
Accounts receivable	709,953	196,049
Inventory	453,193	107,932
Government remittances receivable	256,250	263,471
Prepaid expenses and deposits	386,983	378,252
	<b>1,825,441</b>	<b>951,683</b>
<b>Non-current assets</b>		
Property, plant and equipment (Note 5)	647,810	683,828
Right-of-use assets (Note 6)	1,986,532	2,130,182
Other long-term assets	13,404	-
	<b>2,647,746</b>	<b>2,814,010</b>
<b>Total assets</b>	<b>\$ 4,473,187</b>	<b>\$ 3,765,693</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 808,244	\$ 752,862
Deferred revenue	286,848	9,925
Interest payable on debts (Note 9)	25,163	-
Current portion of lease liabilities (Note 7)	182,268	149,701
Due to related party (Note 11)	472,795	599,968
Short-term debt (Note 8)	750,000	-
	<b>2,525,318</b>	<b>1,512,456</b>
<b>Non-current liabilities</b>		
Long-term lease liabilities (Note 7)	1,883,560	1,967,715
Long-term debt (Note 9)	3,280,716	-
	<b>5,164,276</b>	<b>1,967,715</b>
<b>Total liabilities</b>	<b>7,689,594</b>	<b>3,480,171</b>
<b>Shareholders' equity (deficit)</b>		
Share capital	6,612,299	6,361,256
Contributed surplus (Note 12 and 13)	2,585,177	1,772,962
Deficit	(12,413,883)	(7,848,696)
<b>Total shareholders' equity (deficit)</b>	<b>(3,216,407)</b>	<b>285,522</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 4,473,187</b>	<b>\$ 3,765,693</b>

Nature of Operations (Note 1)  
Going Concern (Note 2)

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

On behalf of the Board of Directors:

/s/ John Ricci  
Director

/s/ Frank Borges  
Director

# Danavation Technologies Corp.

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

For the:	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>Revenue</b>	\$ 628,114	\$ (34,637)	\$ 906,202	\$ 93,124
<b>Costs of sales</b>	(401,650)	(68,907)	(757,586)	(151,154)
<b>Gross profit</b>	<b>226,464</b>	<b>(103,544)</b>	<b>148,616</b>	<b>(58,030)</b>
<b>Expenses</b>				
Advertising and sales promotion	261,457	396,674	998,937	688,710
Depreciation and amortization (Note 5 and 6)	110,808	67,423	325,588	112,763
Bank charges and interest	131,961	3,579	423,482	22,523
Accretion expense (Note 9)	49,332	-	136,148	-
Consulting fees	-	148,569	24,000	186,590
Office and general	126,734	79,762	378,086	161,615
Professional fees	50,079	18,065	155,085	107,633
Research and development	199	121,812	5,690	185,142
Salaries and benefits	474,382	446,555	1,485,600	1,290,263
Trade show	14,419	360	116,639	36,667
Travel	6,887	6,167	43,319	6,469
Utilities	10,974	7,284	25,310	14,086
Vehicle	6,947	5,262	21,294	19,383
Share-based compensation (Note 13)	-	-	574,625	891,847
Listing expenses	-	-	-	1,055,185
<b>Total expenses</b>	<b>1,244,179</b>	<b>1,301,512</b>	<b>4,713,803</b>	<b>4,778,876</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (1,017,715)</b>	<b>\$ (1,405,056)</b>	<b>\$ (4,565,187)</b>	<b>\$ (4,836,906)</b>
<b>Basic and diluted loss per Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of shares</b>	<b>104,201,590</b>	<b>102,963,977</b>	<b>103,530,856</b>	<b>89,097,009</b>

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

**Danavation Technologies Corp.**  
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars) (Unaudited)**

For the:	Nine months ended:	
	April 30, 2022	April 30, 2021
<b>Operating activities</b>		
<b>Net loss for the period</b>	\$ (4,565,187)	\$ (4,836,906)
Share-based compensation (Note 13)	574,625	891,847
Bank charges and interest	-	-
Expected credit losses	(699)	-
Depreciation and amortization (Note 5 and 6)	325,588	112,763
Listing expenses	-	658,767
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	(513,904)	(57,733)
Decrease (Increase) in inventory	(345,261)	(154,219)
Decrease (Increase) in government remittance receivable	7,221	107,838
Decrease (Increase) in prepaid expenses and deposits	(8,731)	(54,201)
Increase (decrease) in accounts payable and accrued liabilities	55,384	223,531
Increase (decrease) in deferred revenue	276,923	-
Increase (decrease) in interest payable on debts	25,163	-
<b>Cash used in operating activities</b>	<b>\$ (4,168,878)</b>	<b>\$ (3,108,313)</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	\$ (67,673)	\$ (145,502)
Purchases of other long-term assets	(13,404)	(41,809)
Cash acquired on reverse takeover	-	374,857
<b>Cash from (used in) investing activities</b>	<b>\$ (81,077)</b>	<b>\$ 187,546</b>
<b>Financing activities</b>		
Net proceeds from long-term debts	\$ 3,617,496	\$ -
Proceeds from exercise of stock options	140,000	-
Proceeds from exercise of warrants	11,853	254,500
Proceeds from short-term debts	750,000	-
Advances from related parties	(127,173)	(199,979)
Lease principal repayments	(129,138)	(122,688)
Repayment of long-term debt	-	(295,670)
Proceeds from the issuance of shares, net of issuance costs	-	3,666,164
<b>Cash from financing activities</b>	<b>\$ 4,263,038</b>	<b>\$ 3,302,327</b>
<b>Increase (decrease) in cash</b>	<b>\$ 13,083</b>	<b>\$ 381,560</b>
Cash, beginning of period	\$ 5,979	\$ 698,641
<b>Cash, end of period</b>	<b>\$ 19,062</b>	<b>\$ 1,080,201</b>

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

**Danavation Technologies Corp.****Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficit)****(Expressed in Canadian Dollars) (Unaudited)**

	Number of common shares	Common share capital	Contributed surplus			Total shareholders' deficit
			Reserves	Warrants	Deficit	
<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>\$ (7,848,696)</b>	<b>\$ 285,522</b>
Exercise of stock options	400,000	216,000	(76,000)	-	-	140,000
Exercise of warrants	91,863	35,043	-	(23,190)	-	11,853
Share-based payments	-	-	574,625	-	-	574,625
Issuance of convertible debts	-	-	336,780	-	-	336,780
Net loss for the period	-	-	-	-	(4,565,187)	(4,565,187)
<b>Balance April 30, 2022</b>	<b>103,692,850</b>	<b>\$ 6,612,299</b>	<b>\$ 1,612,628</b>	<b>\$ 972,549</b>	<b>\$ (12,413,883)</b>	<b>\$ (3,216,407)</b>

	Number of common shares	Common share capital	Contributed surplus			Total shareholders' equity
			Reserves	Warrants	Deficit	
<b>Balance July 31, 2020</b>	<b>79,651,662</b>	<b>\$ 2,026,244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,028,581)</b>	<b>\$ (2,337)</b>
Effect of reverse takeover transaction	22,531,725	4,052,209	-	1,107,503	-	5,159,712
Exercise of warrants	1,017,600	414,621	-	(160,121)	-	254,500
Share-based payments	-	-	891,847	-	-	891,847
Net loss for the period	-	-	-	-	(4,836,906)	(4,836,906)
<b>Balance April 30, 2021</b>	<b>103,200,987</b>	<b>\$ 6,493,074</b>	<b>\$ 891,847</b>	<b>\$ 947,382</b>	<b>\$ (6,865,487)</b>	<b>\$ 1,466,816</b>

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

---

# Danavation Technologies Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2022

(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 softwaresaviou 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 June 29, 2022.

During the period, the Company changed its name to Danavation Technologies Corp. ("Danavation" or the "Company"), 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 these unaudited 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 \$1,017,715 and \$4,565,187 during the respective three-and-nine-periods ended April 30, 2022 and as at that date has a year-to-date deficit of \$12,413,883. 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 \$19,062 as at April 30, 2022 and is currently seeking additional funding through multiple sources. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

### 3. Basis of Preparation

#### Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The same accounting policies and methods of computation were followed in the preparation of these unaudited condensed interim consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended July 31, 2021.

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 for the three and nine months ended April 30, 2022 and 2021 should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2021.

---

# Danavation Technologies Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

### Three and Nine Months Ended April 30, 2022

(Expressed in Canadian Dollars) (Unaudited)

---

The preparation of these unaudited condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are consistent with those disclosed in the annual consolidated financial statements for the year ended July 31, 2021. 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 financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended July 31, 2021.

#### Subsidiaries

These unaudited condensed interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which Danavation has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. The unaudited condensed interim consolidated financial statements of the Company include:

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

#### Functional and presentation currency

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each entity within the unaudited condensed interim consolidated financial statements determines its own functional currency and items included in the unaudited condensed interim consolidated financial statements of each entity are remeasured using the functional currency. The functional currency of the Company's subsidiaries is the Canadian dollar.

#### 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 (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, the Company 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.

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 (the "**Danavation Tech Financing**"). 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 Company; 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 Company exercisable to acquire a common share of the Company on the same terms on a post-Transaction basis. 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

**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

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, plant and equipment**

As of April 30, 2022, property, plant and equipment consisted of the following:

	Leasehold Improvements	Furniture and Equipment	Computer	Total
<b>Cost:</b>				
August 1, 2020	\$ -	\$ -	\$ 7,400	\$ 7,400
Additions	279,103	357,005	79,838	715,946
July 31, 2021	\$ 279,103	\$ 357,005	\$ 87,238	\$ 723,346
<b>Accumulated depreciation:</b>				
August 1, 2020	\$ -	\$ -	\$ 1,110	\$ 1,110
Depreciation	6,944	20,990	10,474	38,408
July 31, 2021	\$ 6,944	\$ 20,990	\$ 11,584	\$ 39,518
<b>Carrying amounts</b>				
July 31, 2021	\$ 272,159	\$ 336,015	\$ 75,654	\$ 683,828

	Leasehold Improvements	Furniture and Equipment	Computer	Total
<b>Cost:</b>				
July 31, 2021	\$ 279,103	\$ 357,005	\$ 87,238	\$ 723,346
Additions	609	48,886	18,178	67,673
April 30, 2022	\$ 279,712	\$ 405,891	\$ 105,416	\$ 791,019
<b>Accumulated depreciation:</b>				
July 31, 2021	\$ 6,944	\$ 20,990	\$ 11,584	\$ 39,518
Depreciation	20,959	58,653	24,079	103,691
April 30, 2022	\$ 27,903	\$ 79,643	\$ 35,663	\$ 143,209
<b>Carrying amounts</b>				
April 30, 2022	\$ 251,809	\$ 326,248	\$ 69,753	\$ 647,810



**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

**6. Right-of-Use Assets**

Balance, July 31, 2021	\$ 2,130,182
Additions	78,247
Depreciation	(221,897)
<b>Balance, Apr 30, 2022</b>	<b>\$ 1,986,532</b>

**7. Lease Liability**

Lease liabilities consist of the following:

As at August 1, 2021	\$ 2,117,416
Additions during the period	78,247
Payments during the period	(259,670)
Interest expense during the period	129,835
<b>Balance, April 30, 2022</b>	<b>\$ 2,065,828</b>

<b>Current portion</b>	<b>\$ 182,268</b>
<b>Long-term balance</b>	<b>\$ 1,883,560</b>

As at August 1, 2020	\$ 29,923
Additions during the period	2,168,456
Payments during the period	(140,713)
Interest expense during the period	59,750
<b>Balance, July 31, 2021</b>	<b>\$ 2,117,416</b>

<b>Current portion</b>	<b>\$ 149,701</b>
<b>Long-term balance</b>	<b>\$ 1,967,715</b>

During the three and nine months ended April 30, 2022, the Company made regular principal lease payments of \$45,265 and \$129,138, respectively (2021 - \$16,552 and \$51,040, respectively) and payments of interest and fees of \$55,559 and \$90,529, respectively (2021 - \$6,149 and \$59,674, respectively).

The following is a maturity analysis for undiscounted lease payments that are reflected in the lease liabilities as at April 30, 2022.

	<b>As at April 30, 2022</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	\$ 415,802
One to five years	1,677,806
Greater than five years	1,020,000
<b>Total undiscounted lease obligations</b>	<b>\$ 1,832,802</b>

---

**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

---

**8. Short-term Debt**

On December 21, 2021, the company issued a convertible promissory note, in the amount of \$750,000 (the “**Note**”). The Note bears interest at 7.00% per annum, payable at maturity. As of April 30, 2022, the Note is repayable on demand by the holder.

The principal amount of the convertible notes will be convertible into common shares of the Company at the option of the holder subject to the completion of a minimum financing of \$1,000,000 at a conversion price equivalent to the securities issued under the financing.

The Company has designated the entire instrument as a Fair Value Through Profit and Loss (“FVTPL”) instrument. The fair value of the Note approximates their principal amount at the subscription date, and as of April 30, 2022.

**9. Long-term Debt**

The Company entered into an agreement with Computershare Trust Company of Canada (“Computershare”) on August 17, 2021, in which the Company issued unsecured convertible subordinated debentures in the aggregate amount of \$3,850,000. The debentures bear interest at 8.00% per annum, payable quarterly, and mature within 36 months on August 17, 2024.

The principal amount of the debentures is convertible into common shares of the Company at a price of \$0.45 per share, at the option of the holder. However, if the daily volume weighted average price of the common shares on the CSE for 20 consecutive days exceeds \$0.75, the Company may force the conversion of the principal amount of the convertible debentures.

The debenture was recorded at its fair value of \$3,144,568, discounted at a market interest rate of 12% and is net of debt issue costs. The accretion expense calculated using the effective interest method for the three- and nine-month period ended April 30, 2022, was \$49,332 and \$136,148, respectively (2021 - \$nil and \$nil, respectively). The effective interest rate used was 15.71% and the coupon rate on the debt is 8.00%. Interest expense for the three-and-nine-month period ended April 30, 2022, for long-term convertible debentures was \$75,101 and \$216,866, respectively (2021 - \$nil and \$nil, respectively).

The residual value of the gross proceeds was \$336,780 and was allocated to the conversion feature.

The Company incurred \$321,645 for cash debenture issuance costs. In addition, the Company issued 421,111 compensation options as non-cash issuance costs. The fair value of the compensation options was estimated at \$59,377 using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 0.81% annual risk-free interest rate, 100% volatility and a 2-year maturity.

**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

	<b>Convertible debenture</b>	
As at August 1, 2021	\$	-
Face value of debt upon issuance		3,850,000
Less: allocation to conversion feature		(336,780)
Less: debt issue costs		(368,652)
Fair value of debt on initial recognition		3,144,568
Accretion expense during the period		136,148
<b>Balance, April 30, 2022</b>	<b>\$</b>	<b>3,280,716</b>

	<b>Interest Payable</b>	
As at August 1, 2021	\$	-
Accrued interest		216,816
Interest payments		(191,653)
<b>Balance, April 30, 2022</b>	<b>\$</b>	<b>25,163</b>

	<b>As at April 30, 2022</b>	
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	\$	308,000
One to five years		4,274,347
<b>Total</b>	<b>\$</b>	<b>4,582,347</b>

## 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 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 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 April 30, 2022, the Company has no liabilities that are in US funds. The Company's foreign exchange risk is minimal.

**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

**11. Related Party Transactions and Key Management Compensation**

	Apr 30, 2022	Apr 30, 2021
Dana Industries	\$ 321,840	\$ 342,734
K Iccir Holdings Inc.	150,955	160,955

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 nine months ended April 30,</b>	<b>2022</b>	<b>2021</b>
Compensation paid to key management	\$ 647,115	\$ 200,720
Stock based compensation – officers, directors, and key management	235,431	503,922

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

During the nine months ended April 30, 2022 the Company paid \$19,481 (2021 - \$27,643) 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 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 nine months ended April 30, 2022 the Company paid \$36,782 (2021 - \$4,520) to Loberto and Associates primarily for Executive search services. The Company was a related party to Tom Loberto (former Director).

**12. Warrants**

The following table reflects the continuity of warrants for the period ending April 30, 2022:

	Number of Warrants		Amount
<b>Balance, July 31, 2021</b>	<b>8,499,400</b>	<b>\$</b>	<b>777,223</b>
Issued	421,111		59,377
Exercised	(91,863)		(11,853)
<b>Balance, April 30, 2022</b>	<b>8,828,648</b>	<b>\$</b>	<b>824,747</b>

**Danavation Technologies Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended April 30, 2022**  
**(Expressed in Canadian Dollars) (Unaudited)**

The following table reflects the warrants outstanding and exercisable as of April 30, 2022:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Number of Warrants Outstanding</b>
December 10, 2022	0.35	0.61	8,241,750
December 10, 2022	0.25	0.61	165,787
August 17, 2023	0.45	1.29	421,111
		<b>0.64</b>	<b>8,828,648</b>

**13. Stock Options**

The following table reflects the continuity of stock options for the period ending April 30, 2022:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price (\$)</b>
<b>Balance, July 31, 2021</b>	<b>5,045,000</b>	<b>0.35</b>
Issued	2,025,000	0.40
Expired	(80,000)	0.35
Exercised	(400,000)	0.35
<b>Balance, April 30, 2022</b>	<b>6,590,000</b>	<b>\$ 0.37</b>

As at April 30, 2022, all issued and outstanding options were exercisable.

The following table reflects the stock options issued and outstanding as of April 30, 2022:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Number of Options Outstanding</b>
January 14, 2026	0.35	3.70	4,160,000
May 4, 2026	0.40	4.00	405,000
August 23, 2026	0.40	4.31	250,000
December 20, 2026	0.40	4.63	1,775,000
		<b>3.99</b>	<b>6,590,000</b>

On December 3, 2021 and December 20, 2021, the Company granted 250,000 and 1,775,000 compensation options, respectively, to officers, directors, employees and consultants exercisable for a period of 4.72 and 5 years at \$0.40. The 250,000 options were assigned a fair value of \$68,750 using the Black-Scholes valuation model with the following assumptions: 4.72 year expected life, volatility of 100%, risk-free interest rate of 1.34%, and a dividend yield and forfeiture rate of 0%. The 1,775,000 options were assigned a fair value of \$505,875 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 100%, risk-free interest rate of 1.22%, 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 is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potentially dilutive shares such as options, convertible debt and warrants have not been included as they would have the effect of decreasing the loss per share and they would therefore be anti-dilutive.