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*These securities have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States or for the account or benefit of U.S. persons or persons in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Offering document does not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States. “United States” and “U.S. person” have the meanings ascribed to them in Regulation S under the U.S. Securities Act.*

Amended Offering Document under the Listed Issuer Financing Exemption

September 20, 2024

# VERSES

**VERSES AI INC.**  
(the “Company” or “VERSES”)

## **PART 1** **SUMMARY OF OFFERING**

### **What are we offering?**

Offering:	Up to 12,500,000 units (the “Units”) of the Company at an issue price of \$0.80 (the “Issue Price”) per Unit, for gross proceeds of up to approximately \$10,000,000 (the “Offering”). Each Unit shall be comprised of one Class A Subordinate Voting share of the Company (a “Subordinate Voting Share”) and one-half of one Class A Subordinate Voting share purchase warrant (each whole warrant, a “Warrant”). Each whole Warrant will be exercisable into one Subordinate Voting Share at a price of \$1.20 per Subordinate Voting Share, subject to adjustment in certain circumstances, for a period of 36 months from the Closing Date (as defined below).
Offering Price:	\$0.80 per Unit.
Closing Date:	On or about September 25, 2024 (the “Closing Date”). The Offering is not anticipated to close in tranches.
Exchange:	The Subordinate Voting Shares are listed on the Exchange under the trading symbol “VERS” and on the OTCQX under the trading symbol “VRSSF”.

Last Closing Price:	The closing price of the Subordinate Voting Shares on the Exchange on September 20, 2024, being the most recent trading day before the date of this offering document, was \$0.80.
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All references to "\$" in this offering document are to Canadian dollars, except where otherwise stated.

**VERSES AI Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this offering, the Company represents the following is true:**

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$10,000,000.**
- **The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Except for statements of historical fact, information contained herein constitutes “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States securities legislation. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “planned”, “expect”, “project”, “predict”, “potential”, “estimate”, “targeting”, “intends”, “believe”, and similar expressions, or describes a “goal”, or variation of such words and phrases or states that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information and forward-looking statements herein include, but are not limited to, those relating to:

- the Company’s expectations with respect to the terms of the Offering, the securities issued thereunder and the compensation payable and issuable in connection therewith;
- the use of proceeds and the use of the available funds following completion of the Offering;
- the completion of the Offering and the expected Closing Date;
- the Company’s ability to continue as a going concern;
- the Company's research roadmap and expectations regarding the Company's development of artificial intelligence ("AI");
- the Company's participation in AI benchmark challenges and expectations regarding the public release timeline of Genius;
- the capabilities of Genius and Genius-based applications;

- the development and roll-out of Genius and Genius-based applications;
- the expected competitive aspects of Genius and Genius-based applications in the market; and
- the scalability of the Spatial Web (as defined herein) and Genius;

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made. Such factors and assumptions may include, but are not limited to:

- the Company's ability to close the Offering on the terms disclosed herein, or at all;
- possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- general demand and consumer interest in the Company's products;
- the competitive environment in which the Company operates;
- the ability of the Company to grow its market share and the Company's growth outlook;
- anticipated and unanticipated costs that the Company may face;
- estimated contracted revenue, revenue structures and revenue from operations;
- there being no significant delays in the development and commercialization of Genius and other products and services;
- the ability of the Company to raise any necessary capital on acceptable terms;
- the ability of the Company to anticipate future needs of clients and partners;
- the ability of the Company to maintain and effect sufficient research and development capabilities;
- the ability of the Company to execute the Company's growth, sales and customer acquisition strategies;
- the ability of the Company to attract and retain skilled personnel;
- the ability of the Company to obtain qualified staff and in a timely and cost-efficient manner;
- there being no significant barriers to the acceptance of the Company's products and services;
- the continued adoption and acceptance of the Spatial Web;
- stability in financial and capital markets;
- fluctuations in capital markets and share prices;
- the accuracy of budgeted costs and expenditures;
- future currency exchange rates and interest rates;
- the timely receipt of any required governmental, regulatory and third-party approvals, license and permits on favourable terms and any required renewals of the same;
- legislation and regulation favouring the furtherance of artificial intelligence applications; and
- requirements under applicable laws.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors

include, among others, and without limitation: the Company may not be able to close the Offering on the terms disclosed herein, or at all; the industry-wide risks; fluctuations in capital markets and share prices; price volatility; risks related to the ability to obtain financing needed to fund the continued development of the Company's business; changes in the Company's business plans; risks related to the Company's limited operating history; the Company requiring additional funding to maintain operations; risks related to the Company's negative cashflow from operating activities; the Company's failure to implement their growth strategy; risks related to conflicts of interest involving the Company's management; risks related to the uncertainty of the Company's use of available funds; risks related to proprietary artificial intelligence algorithms; the failure of the Company to manage its growth; risks related to the Company's reliance on strategic partnerships; risk associated with security breaches; risk associated with software errors or defects; risks associated with insufficient insurance coverage; the Company's failure to maintain, promote and enhance its brand; the Company's dependence on customer internet access and use of internet for commerce; risks associated with privacy and security of sensitive information; risks associated with changes in technology affecting the Company's business and products; risks associated with the competitive environment of the Company's industry; risks associated with the uncertainty of market opportunity estimates and growth forecasts; risks associated with reputational damage; the Company's inability to protect its intellectual property; the volatility of the global economy; the Company's dependence on management and key personnel; risks associated with government regulation affecting the Company; the Company being subject to civil or other legal proceedings; risks related to reporting requirements arising from the Company's reporting issuer status; risks associated with future acquisitions; risks related to the maintenance of effective internal controls by the Company; the potential that no active or liquid market for the Subordinate Voting Shares may develop or be sustained; the speculative nature of an investment in the Subordinate Voting Shares; risk that the market price of the Subordinate Voting Shares may not represent the Company's performance or intrinsic value; risks associated with the influence of reports published by securities or industry analysts on the trading market of the Subordinate Voting Shares; risks associated with price volatility of publicly traded securities; risks associated with the future dilution of the Company's securities; and risks associated the payment of dividends.

This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, performance, or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. The Company undertakes no duty to update any of the forward-looking information to conform such information to actual results or to changes in the Company's expectations, except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information. The forward-looking information contained in this offering document is expressly qualified by this cautionary statement.

## PART 2 SUMMARY DESCRIPTION OF BUSINESS

### What is our business?

VERSES is a cognitive computing company specializing in next generation intelligence software systems. The Company is primarily focused on developing an intelligence-as-a-service smart software platform, Genius (which has absorbed the Company's previous KOSM™ and KOSM Exchange products), through its subsidiary VTU.

The Company's business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, governance-based network of humans, machines and intelligent agents. The Company's ambition is to build tools that enable the Spatial Web and to become a leader in the transition from the information age to the intelligence age.

The Company launched a private beta program of Genius (including Genius Agents and Genius Core) in early 2024 with a few select partners with whom the Company has existing business relationships and has launched a public beta program for a broader number of developers for the second half of 2024. This public beta program is expected to include enhanced functionalities and is intended to help the Company increase its potential customer base, while refining its product offerings in anticipation of the 1.0 launch of Genius.

### Background

We believe civilization is transitioning from the information age to the intelligence age. We are working on achieving super-human level intelligence in computing, which we believe will exhibit and exceed the flexible and general intelligence found in humans. However, despite the large potential addressable market, the AI industry faces several challenges, such as:

- *Technological Limitations:* Current AI approaches are limited primarily to sophisticated pattern recognition but not the ability to understand the world, or to reason, plan, and learn. AI models based on the mainstream approach to Deep Learning (DL) and Reinforcement Learning (RL) are constrained by the quantity and quality of data. Moreover, once trained, a model is not updatable.
- *Narrowly Applicable and Lack of Interoperability:* The textual and graphical outputs of Generative AI models such as ChatGPT (OpenAI), BARD (Google), Midjourney, Stable Diffusion and others are single purpose tools, and we believe they are incapable of adapting to and overcoming changing conditions and uncertainty, learning new concepts and performing a broad array of tasks and activities. To achieve human-level intelligence and beyond, we believe that software agents must not only understand and be curious about what they are doing and why they are doing it, but they must also be able to adapt, share what they learn, and explain how they learned it.
- *Scale:* Generative AI is expensive to develop, requiring massive amounts of data, labor, computation, and energy.
- *Network Design:* While Artificial "General" or "Super" Intelligence is generally portrayed as a single entity, an all-knowing monolithic artificial brain, we believe that the apex of the intelligence age will more likely be a distributed network or ecosystem of intelligences, both synthetic and natural.

- *Lack of Vision:* Digital Transformation, a concept typically associated with terms such as Web 3.0, Industry 4.0, the Metaverse, the IoT (Internet of Things), Smart Cities and Digital Twins, each with a slightly different emphasis, in our view, lacks a specific prescription for how to attain the overarching vision.

As the industry continues to rapidly grow, such growth and harmonization of various data processing and producing technologies will yield better insights, predictions, recommendations and decision-making, enabling AI developers to overcome the above-listed limitations. This will in turn shift processes and decision making from humans to machines and give rise to more autonomous systems. The increased transparency and accountability of a unified knowledge network will offer improvements in the cost of privacy and security when built around a network of everything that encompasses data governance, credentialing mechanisms and trust. We believe this will result in a hyper-integrated, hyper-personalized, hyper-automated and ethically-aligned network of humans, machines and intelligent agents.

The growth in investment and adoption of AI reflects the increasing demand for better, cheaper and automatic solutions – greater output with less input. AI capabilities like Computer Vision, Language Models and Autonomous Vehicles that use Neural Nets are expected to process massive amounts of data to detect patterns and anomalies. This will allow humans to make better decisions and machines (vehicles, robots, drones) to navigate and perform tasks autonomously. However, there are significant problems with conventional AI as the models are inferred, generated through brute force computation, relying heavily on manual data labeling, opaque internal functions, and biased data inputs. They are narrow in purpose and are incompatible with other models. VERSES' objective is to provide a user-friendly suite of tools to map both stored data and live data streams into a common interoperable data model. This pre-labeled, contextualized data structure can generate models that require less computer and human supervision, and that are transparent and interoperable with other models. This should translate into greater accuracy and flexibility, faster development, and lower costs in the deployment of autonomous applications.

### **Recent developments**

There are no material recent developments in respect of the Company that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

Of note, certain recent developments relating to the Company's business include:

- On July 2, 2024, the Company appointed James Hendrickson as Chief Operating Officer. Mr. Hendrickson formerly served as President and General Manager, VERSES Enterprise.
- On August 14, 2024, the Company announced that in connection with NRI USA, LLC ("**NRI**") moving to the Genius beta program, the Company and NRI had terminated their previous Software-as-a-Service agreement which pertained to the implementation of WayFinder and the Company's previous KOSM product into NRI's warehousing operations.
- On September 3, 2024, the Company incorporated a new directly wholly-owned subsidiary, VSI, incorporated under the laws of the state of Wyoming.
- On September 10, 2024, Michael Blum was appointed as Chairman of the Company's board of directors in connection with Jay Samit stepping down as a director of the Company.

## Material facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document and the date the Company's most recent audited annual financial statements were filed.

## What are the business objectives that we expect to accomplish using the available funds?

The Company intends to use the net proceeds from the Offering for general working capital purposes, to fund ongoing operations, to repay indebtedness outstanding from time to time, to fund discretionary capital programs and potential future acquisitions and to fund research and development, including the development of Genius. The Company anticipates completing the following to achieve such objectives:

Event	Anticipated Timeline	Anticipated Cost
<b>Research Milestones - Active Inference-based AI Benchmarks</b>		
MNIST - Industry test for AI to demonstrate capabilities <sup>(1)</sup>	Q4 2024	\$734,000
Atari 10K challenge <sup>(2)</sup>	Q4 2024	\$1,834,000
<b>Genius Product</b>		
Ongoing Beta Releases <sup>(3)</sup>	Q1 2025	\$460,000
Genius 1.0 <sup>(4)</sup>	Q2 2025	\$810,000
Genius Agents <sup>(5)</sup>	Q3 2025	\$135,000
<b>Total</b>		<b>\$3,973,000</b>

<sup>(1)</sup> Compromised of costs from the research and development team to reach the standard of 98% accurate handwriting recognition from a standard set of handwriting samples. The plan is to achieve 98% or greater accuracy in this standard test, but do so with 50% or greater efficiency (measured in power consumption, processors used, and time to complete) than the current next best alternative.

<sup>(2)</sup> Compromised of costs from the research and development team to reach the industry test for AI to demonstrate learning capabilities. This benchmark test demonstrates how quickly an AI system can learn to play the original 26 Atari games.

<sup>(3)</sup> Compromised of costs of the engineering team to reach additional milestone releases for the Genius Beta program as new features and capabilities are added and the Beta program expands, and cost of engaging additional support staff in connection with new curated commercial projects.

<sup>(4)</sup> Compromised of development costs associated with the effort to make the Genius product publicly accessible. This will require operations infrastructure, support staff, and customer service level agreements; and costs associated with integrating the results of research milestones into Genius.

<sup>(5)</sup> Compromised of the cost to make the Genius Agents and an agent framework that integrates agents from VERSES and from VERSES' partners that can be used to solve specific customer problems.

**PART 3**  
**USE OF AVAILABLE FUNDS**

**What will our available funds be upon the closing of the Offering?**

The expected total available funds to the Company following completion of the Offering is estimated to be up to \$10,630,000.

		Assuming 100% of Offering
A	Amount to be raised by this offering	\$10,000,000
B	Selling commissions and fees	\$650,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$70,000
D	Net proceeds of offering: $D = A - (B+C)$	\$9,280,000
E	Working capital as at most recent month end (August 31, 2024)	\$1,350,000
F	Additional sources of funding	-
G	Total available funds: $G = D+E+F$	\$10,630,000



## How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming 100% of Offering
<b>Research Milestones – Industry AI Benchmarks and Tests to Demonstrate Capabilities</b>	
MNIST <sup>(1)</sup>	\$734,000
Atari 10K challenge <sup>(2)</sup>	\$1,834,000
<b>Genius Product</b>	
Ongoing Beta Releases <sup>(3)</sup>	\$460,000
Genius 1.0 <sup>(4)</sup>	\$810,000
Genius Agents <sup>(5)</sup>	\$135,000
Sales <sup>(6)</sup>	\$405,000
Marketing and investor relations <sup>(7)</sup>	\$338,000
General and administrative <sup>(8)</sup>	\$4,960,000
Unallocated working capital	\$954,000
<b>Total</b>	<b>\$10,630,000</b>

### Notes:

- (1) Compromised of costs from the research and development team to reach the standard of 98% accurate handwriting recognition from a standard set of handwriting samples. The plan is to achieve 98% or greater accuracy in this standard test, but do so with 50% or greater efficiency (measured in power consumption, processors used, and time to complete) than the current next best alternative.
- (2) Compromised of costs from the research and development team to reach the industry test for AI to demonstrate learning capabilities. This benchmark test demonstrates how quickly an AI system can learn to play the original 26 Atari games.
- (3) Compromised of costs of the engineering team to reach additional milestone releases for the Genius Beta program as new features and capabilities are added and the Beta program expands, and cost of engaging additional support staff in connection with new curated commercial projects.
- (4) Compromised of development costs associated with the effort to make the Genius product publicly accessible. This will require operations infrastructure, support staff, and customer service level agreements; and costs associated with integrating the results of research milestones into Genius.
- (5) Compromised of the cost to make the Genius Agents and an agent framework that integrates agents from VERSES and from VERSES' partners that can be used to solve specific customer problems.
- (6) Compromised of salaries and related costs for the sales team and consultants to support sales of the Genius strategy.
- (7) Compromised of costs of financial advisors (\$135,630), third party marketing strategy teams and investor relations (\$202,370).
- (8) Compromised of salaries and related costs for the CEO and President (\$1,035,976), CFO (\$388,884), accounting team (\$501,086), Board of Directors (\$324,324), human resources team (\$253,220), IT team (\$257,096), internal counsel (\$386,781), external counsel (\$643,243), software subscriptions (\$202,703), travel expenses (\$182,432), D&O insurance (\$559,111), stock exchange-related costs (\$81,081), rent (\$63,554), and other general administrative purposes (\$79,904).

The Company has allocated more than 10% of its available funds for research and development of its products and services, including but not limited to the development of Genius along with its related Genius agents. These services are in the beta testing phase for the remainder of 2024 and likely at least the first half of 2025 and the Company anticipates that with further development these services could be released to the public by the end of 2025. For additional details regarding the specific events and anticipated costs required to achieve these timelines, please refer to the section titled “What are the business objectives that we expect to accomplish using the available funds?” in Part 2 above. The Company predominantly conducts its own research and development, and subcontracts various aspects, as required, to expedite milestone achievements.

The above noted allocation of capital and anticipated timing represents the Company’s current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to spend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company’s ability to execute on its business plan. See the “Cautionary Statement Regarding Forward-Looking Information” section above.

The most recent audited annual financial statements and interim financial report of the Company included a going-concern note. The Company is still primarily in the research and development stage and the Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to achieve the business objectives set out herein, and is not expected to affect the decision to include a going-concern note in the next annual financial statements of the Company.

**How have we used the other funds we have raised in the past 12 months?**

Previous financing	Intended use of funds	Explanation of Variances	Impact of Variances
US\$10,000,000 June 2024 private placement <sup>(1)</sup>	General working capital purposes, the continued development of Genius™ and the release of the Genius beta program, and the repayment of outstanding loans.	No variances.	Not applicable.
C\$10,000,000 May 2024 private placement <sup>(2)</sup>	General working capital purposes, the continued development of Genius™ and the release of the Genius beta program, and the repayment of outstanding loans.	No variances.	Not applicable.

**Notes:**

- (1) Non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of US\$10,000,000 announced in the Company’s news release dated June 20, 2024.
- (2) Non-brokered private placement of special warrants of the Company for gross proceeds of C\$10,000,000 announced in the Company’s news releases dated May 17, 2024, April 30, 2024 and April 18, 2024.

**PART 4  
FEES AND COMMISSIONS**

**Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?**

Advisors / Finders:	Canaccord Genuity Corp. and ATB Capital Markets Inc. (the "Advisors")
Compensation Type:	Cash Fee and Broker Warrants.
Cash Commission:	The Company will pay to the Advisors a cash fee equal to 6.5% of the gross proceeds of the Offering (the "Cash Fee"). Assuming the Offering is fully subscribed, the estimated amount of the Cash Fee is \$650,000.
Broker Units:	The Company will issue the Advisors such number of broker warrants (each a "Broker Warrant") equal to 6.5% of the number of Units sold pursuant to the Offering. Each Broker Warrant will be exercisable into one unit of the Company (a "Broker Unit") at a price of \$0.80 for a period of 36 months following the Closing Date. Each Broker Unit will be comprised of one Subordinate Voting Share and one-half of one transferable warrant (each whole warrant, a "Broker Unit Warrant"). Each Broker Unit Warrant shall entitle the holder thereof to acquire one Subordinate Voting Share of the Company at a price of \$1.20 for a period of 36 months from the Closing Date. Assuming the Offering is fully subscribed, the estimated number of Broker Warrants is 812,500.

**Do the Advisors have a conflict of interest?**

To the knowledge of the Company, it is not a "related issuer" or "connected issuer" of or to the Advisors, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*.

**PART 5  
PURCHASERS' RIGHTS**

**Rights of Action in the Event of a Misrepresentation**

**If there is a misrepresentation in this offering document, you have a right:**

- (a) to rescind your purchase of these securities with the Company, or**
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.**

**These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.**

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

**PART 6  
ADDITIONAL INFORMATION**

**Where can you find more information about us?**

Security holders can access the Company's continuous disclosure filings on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under the Company's profile.

For further information regarding the Company, visit our website at: <https://www.verses.ai/>

***Investors should read this offering document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of Units.***

**PART 7**  
**CERTIFICATE OF THE COMPANY**

**This offering document, together with any document filed under Canadian securities legislation on or after September 20, 2023, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

September 20, 2024

*(signed) "Gabriel Rene"*

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**Gabriel Rene**

Chief Executive Officer and Director

*(signed) "Kevin Wilson"*

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**Kevin Wilson**

Chief Financial Officer