No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering.

FINAL PROSPECTUS

NON-OFFERING PROSPECTUS June 21, 2022

VERSES TECHNOLOGIES INC.

No securities are being offered or sold pursuant to this final prospectus (the "**Prospectus**"). This Prospectus is being filed by VERSES Technologies Inc. ("**VERSES**", "**Company**", "**we**" or "**us**") with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario to enable VERSES to become a reporting issuer pursuant to applicable securities legislation in the Provinces of British Columbia, Alberta and Ontario notwithstanding that no sale of its securities is contemplated herein.

Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There currently is no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*" and "*Statement Regarding Forward-Looking Information*".

The NEO Exchange (the "**NEO**") conditionally approved the listing of the Class A Subordinate Voting Shares of the Company (the "**Subordinate Voting Shares**") on May 31, 2022. Listing is subject to the Company fulfilling all of the listing requirements of the NEO.

An investment in Subordinate Voting Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company. In reviewing this Prospectus, you should carefully consider the matters described under the heading "*Risk Factors*".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Gabriel René, Chief Executive Officer and Director of the Company, Dan Mapes, President and Director of the Company, Kevin Wilson, Chief Financial Officer and Secretary of the Company, Jay Samit, Director of the Company and Jonathan De Vos, Director of the Company, each reside outside of Canada, and each of them have appointed DuMoulin Black LLP, 10th Floor, 595 Howe Street, Vancouver, British Columbia as his agent for service of process. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company's head office is located at 205 - 810 Quayside Drive, New Westminster, British Columbia, V3M 6B9 and its registered and records office is located at 595 Howe Street, 10th Floor, Vancouver, V6C 2T5.

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GLOSSARY

In this Prospectus, the following capitalized terms have the following meanings, in addition to other terms defined elsewhere in this Prospectus.

"**40% Threshold**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**AI**" means artificial intelligence.

"**API**" means Application Programming Interface.

"**Amalgamation**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – The Amalgamation*".

"**Amalgamation Agreement**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – The Amalgamation*".

"**AR**" means augmented reality.

"**Audit Committee"** means the Audit Committee of the Board.

"**Award**" means Options, RSUs, PSUs and DSUs.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations thereunder, as amended.

"**Board**" means the board of directors of the Company.

"**CEO**" or "**Chief Executive Officer**" means the Chief Executive Officer of the Company.

"**CFO**" or "**Chief Financial Officer**" means the Chief Financial Officer of the Company.

"**Chromos Subco**" means 1288098 B.C. Ltd., the former wholly owned subsidiary of the Company, previously existing under the BCBCA and formed solely for the purpose of effecting the Amalgamation.

"**Code**" has the meaning ascribed thereto under the heading "Statement on Corporate Governance – Ethical Business Conduct".

"**Common Shares**" means the common shares in the capital of the Company as constituted prior to July 20, 2021.

"**Company**" or "**VERSES**" means, unless otherwise specified, VERSES Technologies Inc., a company existing under the BCBCA.

"**Consent Parties**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**Contribution Agreement**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**COSM**" means the COSM™ Operating System.

"**COVID**" means the novel coronavirus disease.

"**Cyberlab**" has the meaning ascribed to such term under the heading "*Description of the Business – History – Prior to the Incorporation of the Company – Development of the Business"*.

"**Cyberlab Purchase**" has the meaning ascribed to such term under the heading "*Description of the Business – History – Prior to the Incorporation of the Company – Development of the Business"*.

"**Cyberlab Purchase Agreement**" has the meaning ascribed to such term under the heading "*Description of the Business – History – Prior to the Incorporation of the Company – Development of the Business"*.

"**Determination Date**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**DSU**" means a deferred share unit granted pursuant to the Omnibus Plan.

"**Escrow Agent**" means Endeavor Trust Corporation, the escrow agent under the Escrow Agreement.

"**Escrow Agreement**" means the escrow agreement substantially in Form 46-201F1– *Escrow Agreement* (the form of agreement for escrow arrangements under NP 46-201) to be entered into by the Escrowed Securityholders with the Escrow Agent.

"**Escrowed Securities**" has the meaning ascribed thereto under the heading "*Escrow Securities and Securities Subject to a Contractual Restriction on Transfer – Escrowed Securities.*"

"**Escrowed Securityholders**" means each of Gabriel René, Dan Mapes, G. Scott Paterson and Jonathan De Vos, as principals of the Company, and each of Taylor MacDonald, Robert Shewchuk, Bryan Henry, Leighton Bocking and Tarik Elsaghir.

"**Exchange Act**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**Financial Statements**" means the audited consolidated financial statements of the Company for the period from November 19, 2020 (date of incorporation) to March 31, 2021, the unaudited consolidated interim financial statements of the Company for the nine months ended December 31, 2021, the VTU Financial Statements, the Former Holdco Financial Statements and the Pro Forma Financial Statements.

"**Finder Unit**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Finder Unit Warrant**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Finder Unit Warrant Share**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Finder Warrants**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Flow Modules**" has the meaning ascribed to it under the heading "*Description of the Business – VERSES Business – Overview of COSM – COSM Flow Modules*".

"Former Holdco" means VERSES Technologies Incorporated, a company previously existing under the BCBCA.

"**Former Holdco Financial Statements**" means the audited financial statements of Former Holdco for the period from November 9, 2020 (date of incorporation) to March 31, 2021.

"**Former Holdco Share**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – The Amalgamation*".

"**Former Holdco Warrant**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – The Amalgamation*".

"**FPI Restriction**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**Holdco**" means VERSES Holdings Inc., being the successor entity from the Amalgamation of Chromos Subco and Former Holdco and a company existing under the BCBCA.

"**IEEE**" means the Institute of Electrical and Electronics Engineers.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee.

"Indirect Subsidiaries" means the indirect subsidiaries of the Company being, collectively, VERSES Logistics Inc., VERSES Health, Inc., VERSES Realities, Inc., VERSES, Inc. and VERSES Global B.V.

"**IoT**" means the Internet of Things.

"**KPI**" means key performance indicator.

"**Liquidity Event**" means an event which results in the Common Shares being listed on a recognized Canadian stock exchange (which, for greater clarity, includes the Listing).

"**Listing**" means the listing of the Subordinate Voting Shares on the NEO.

"**Listing Date**" means the date indicated on the listing bulletin to be issued by the NEO in connection with final approval of the application for Listing.

"**Named Executive Officers**" has the meaning ascribed to such term under the heading *"Director and Executive Compensation – Named Executive Officers*".

"**NEO**" means NEO Exchange Inc.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings.*

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance.*

"**Offer**" has the meaning ascribed to such term under the heading "*Description of Securities – Subordinate Voting Shares*".

"**Omnibus Plan"** means the omnibus equity incentive plan of the Company.

"**Option**" means an option to purchase a Subordinate Voting Share granted pursuant to the Omnibus Plan.

"**Order**" has the meaning ascribed to such term under the heading "*Directors and Executive Officers – Cease Trade Orders, Bankruptcies*".

"**Participant**" has the meaning ascribed to it under the heading "*Description of the Business – VERSES Business – Overview of COSM*"

"**POC**" means proof of concept.

"**Pro Forma Financial Statements**" means the pro forma consolidated financial statements of the Company as at March 31, 2021 and June 30, 2021 after taking into effect the Amalgamation, the acquisition of the VERSES Business by the Company and the VTU Contribution, as if such events had occurred as of November 19, 2020.

"**Proportionate Share Conversion Right**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**Proportionate Voting Shares**" means the Class B Proportionate Voting Shares of the Company.

"**Proportionate Voting Shareholders**" means the holders of the Proportionate Voting Shares and "**Proportionate Voting Shareholder**" means any one of them.

"**PSU**" means a performance share unit granted pursuant to the Omnibus Plan.

"**QA**" means quality assurance.

"**RSU**" means a restricted share unit granted pursuant to the Omnibus Plan.

"**SAFE**" means simple agreement for future equity, which is a security that gives the holder a future equity conversion right based on a floating conversion price determined by future events. SAFEs are convertible based on a deemed price per security calculated using the consideration paid or valuation determined on the occurrence of an equity financing or liquidity event (i.e. going public transaction, acquisition).

"**SDK**" means software development toolkit.

"**Shareholders**" mean the Subordinate Voting Shareholders and the Proportionate Voting Shareholders.

"**Share Alteration**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**SI**" means system integrator.

"**Spatial Web**" means the Spatial Web™, having the meaning ascribed to it under the heading "*Description of the Business – VERSES Business – The Spatial Web*".

"**Special Warrant Financing**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Special Warrant Unit**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Special Warrants**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Subordinate Share Conversion Right**" has the meaning ascribed to such term under the heading "*Description of Securities – Subordinate Voting Shares*".

"**Subordinate Voting Shares**" means the Class A Subordinate Voting Shares of the Company.

"**Subordinate Voting Shareholders**" means the holders of the Subordinate Voting Shares and "**Subordinate Voting Shareholder**" means any one of them.

"**Subsidiary Plan**" has the meaning ascribed thereto under the heading "*Option to Purchase Securities – Omnibus Plan*".

"**Unit Share**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Unit Warrant**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**Unit Warrant Share**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances*".

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**U.S. Residents**" has the meaning ascribed to such term under the heading "*Description of Securities – Proportionate Voting Shares*".

"**VERSES Business**" means the Company's business of developing COSM and the facilitation of next-generation application development and deployment for AI applications on COSM.

"**VTU**" means VERSES Technologies USA, Inc. (formerly VERSES Labs Inc.), a wholly owned subsidiary of the Company, existing under the laws of the State of Wyoming.

"**VTU Class A Shares**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**VTU Class B Shares**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**VTU Contribution**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**VTU Contributors**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**VTU Financial Statements**" means financial statements of the VERSES Business as owned and operated by VTU, comprised of audited consolidated financial statements for the years ended March 31, 2021, 2020 and 2019 and the unaudited consolidated interim financial statements for the three months ended June 30, 2021 and 2020.

"**VTU Shareholders**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**VTU Shares**" has the meaning ascribed thereto under the heading "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

"**Warrants**" means the outstanding Class A purchase warrants of the Company.

"**WayFinder**" means WayFinder™, COSM's initial application.

ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not authorized anyone to provide investors with additional, different or inconsistent information. If anyone provides investors with additional, different or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it.

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus. The Company's business, financial condition, operating results and prospects may have changed since the date of this Prospectus.

The information contained on the Company's website is not intended to be included in or incorporated by reference into this Prospectus and investors should not rely on such information.

Any graphs, tables or other information demonstrating the historical performance or current or historical attributes of the Company or any other entity contained in this Prospectus are intended only to illustrate historical performance or current or historical attributes of the Company or such entities and are not necessarily indicative of future performance of the Company or such entities.

This Prospectus includes summary descriptions of certain material agreements of the Company (see "*Material Contracts*"). The summary descriptions disclose provisions that the Company considers to be material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Company's profile on SEDAR at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

Unless otherwise noted, all currency amounts in this Prospectus are stated in United States dollars.

MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, "VERSES", "Company", "we", "us" or "our" refers to VERSES Technologies Inc. as constituted on the date of this Prospectus.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, "**forward-looking statements**"), which reflect management's expectations regarding the Company's future growth, results from operations (including, without limitation, statements about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the timing of the receipt for this Prospectus, in a timely manner, and receipt of regulatory and other required approvals;
- the listing of the Subordinate Voting Shares on the NEO, including the Company fulfilling all applicable listing requirements;
- business plans, growth strategy and growth rate, including without limitation, VERSES' intentions with respect to market positioning and the Company's current and intended target market;
- the execution of the Company's growth, sales and customer acquisition strategies;
- the Company's proposed business model, including, without limitation the pricing models for COSM and COSM applications;
- the Company's anticipated partnerships and agreements with third parties, including without limitation, the expected outcomes of such partnerships and agreements;
- the Company's competitive positioning;
- the capabilities of COSM, the COSM Exchange™ and COSM applications;
- the development and roll-out of COSM, the COSM Exchange and COSM applications;
- the scalability of the Spatial Web and COSM;
- the use of available funds;
- expectations regarding the ability to raise further capital;
- the expected composition of the Board and the time and attention each executive officer and director will devote to the Company' business;
- the Company's intended compensation policy and practices and compensation structure, including without limitation, matters relating to the Omnibus Plan and the administration thereof;
- the Company's expected reliance on key management personnel, advisors and consultants;
- effects of the COVID pandemic; and
- the Escrow Agreement, and the escrow of the Escrowed Securities (as such terms are defined herein).

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, assumptions about:

- the ability to anticipate future needs of clients and partners;
- the Company's expectations with respect to the competitive landscape of the industry in which the Company operates;
- there being no significant delays in the development and commercialization of COSM and other products and services;
- maintaining sufficient and effective research and development capabilities;
- the Company's ability to raise any necessary additional capital on reasonable terms to execute the Company's business plan;
- the Company's ability to execute the Company's growth, sales and customer acquisition strategies;
- there being no significant barriers to the acceptance of the Company's products and services;

- the continued adoption and acceptance of the Spatial Web;
- that general business and economic conditions will not change in a material adverse manner;
- the accuracy of budgeted costs and expenditures;
- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company's ability to attract and retain skilled personnel;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms and any required renewals of the same;
- requirements under applicable laws;
- stability in financial and capital markets; and
- expectations regarding the level of disruption to as a result of COVID.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, without limitation:

- the Company's limited operating history;
- the Company's requirement for substantial additional capital to operate the Company's business;
- risks associated with the Company's ability to successfully implement its growth strategy;
- the uncertainty and variation of the Company's intended use of available funds;
- the failure to manage future growth and scalability;
- the Company's reliance on strategic partnerships;
- potential security beaches, software errors and defects;
- the failure to maintain, promote and enhance the Company's brand;
- the Company's dependence on customer internet access;
- rapid technological change affecting the Company's industry and competitive positioning;
- risks associated with the Company's ability to maintain its competitive positioning against competitors;
- risks associated with potential reputational damage;
- risks associated with the Company's ability to protect its intellectual property;
- risks associated with the COVID pandemic;
- risks associated with the potential loss of the Company's "foreign private issuer" status;
- the volatility of global capital markets;
- the Company's dependence on management and key personnel;
- risks associated with government regulation of the Company;
- internal controls not providing absolute assurance with respect to the reliability of financial reporting and financial statement preparation;
- there is no existing public market for the Subordinate Voting Shares and an active and liquid one may never develop, which could impact the liquidity of the Subordinate Voting Shares;
- the Subordinate Voting Shares may be subject to significant price volatility;
- dilution from future equity financing could negatively impact holders of Subordinate Voting Shares;

- other factors discussed under “*Risk Factors*”.

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest in securities of the Company.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this Prospectus and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

THIRD PARTY INFORMATION

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

CONVENTIONS

Certain terms used herein are defined under "*Glossary*". Unless otherwise indicated, references to "$" or "US$" are to U.S. dollars and "C$" are to Canadian dollars. All financial information with respect to the Company have been presented in United States dollars in accordance with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Prospectus and is qualified in its entirety by, and should be read together with, the more detailed information, financial statements and MD&A contained elsewhere in this Prospectus. This summary does not contain all of the information a potential investor should consider before purchasing securities of the Company. Please refer to the "Glossary" for a list of defined terms used herein.

The Company

The Company was incorporated under the BCBCA on November 19, 2020, under the name "Chromos Capital Corp." On June 17, 2021, the Company changed its name to "VERSES Technologies Inc." in connection with the Amalgamation. See *"Three-Year History – The Amalgamation"*.

The Company's head office is located at 205 - 810 Quayside Drive, New Westminster, BC V3M 6B9 and its registered and records office is located at 595 Howe Street, 10th Floor, Vancouver, BC V6C 2T5. The Company also has offices located at 5877 Obama Blvd, Los Angeles, California, 90016 and 8643 Hayden Pl, Culver City, CA 90232.

Prior to the completion of the VTU Contribution on July 20, 2021, the Company did not carry on any active business or operations. The principal business of the Company had been to identify and evaluate businesses and assets with a view to completing a going public transaction. Following the completion of the VTU Contribution, the Company has carried on the VERSES Business through VTU.

The Company is not a reporting issuer in any jurisdiction and the Subordinate Voting Shares and Proportionate Voting Shares are not listed or posted for trading on any stock exchange. The NEO conditionally approved the listing of the Subordinate Voting Shares on May 31, 2022. Listing is subject to the Company fulfilling all of the listing requirements of the NEO.

As of the date hereof, the Company has two directly wholly-owned subsidiaries, being Holdco and VTU and five indirectly wholly-owned subsidiaries, being the Indirect Subsidiaries. Each of VTU and certain of the Indirect Subsidiaries operate different segments of the VERSES Business such as the incubation of novel applications for COSM, development of logistics and health-care focused applications of COSM and commercialization of the COSM Exchange.

See "*Corporate Structure*" and "*Description of the Business*".

Intercorporate Relationships

The Company operates a number of subsidiaries through which it conducts the VERSES Business. The following table illustrates the Company's legal structure and relationship to and ownership interest in Holdco, VTU and the Indirect Subsidiaries, as at the date hereof.

Name	Jurisdiction of Formation	Ownership Interests
VERSES Holdings Inc.	British Columbia	100%(1)
VERSES Technologies USA, Inc.	Wyoming	100%(1)
VERSES Logistics Inc.	Wyoming	100%(2)(3)
VERSES Health, Inc.	Wyoming	100%(2)
VERSES Realities, Inc.	Wyoming	100%(2)

VERSES, Inc.	Wyoming	100%(2)
VERSES Global B.V.	Netherlands	100%(2)

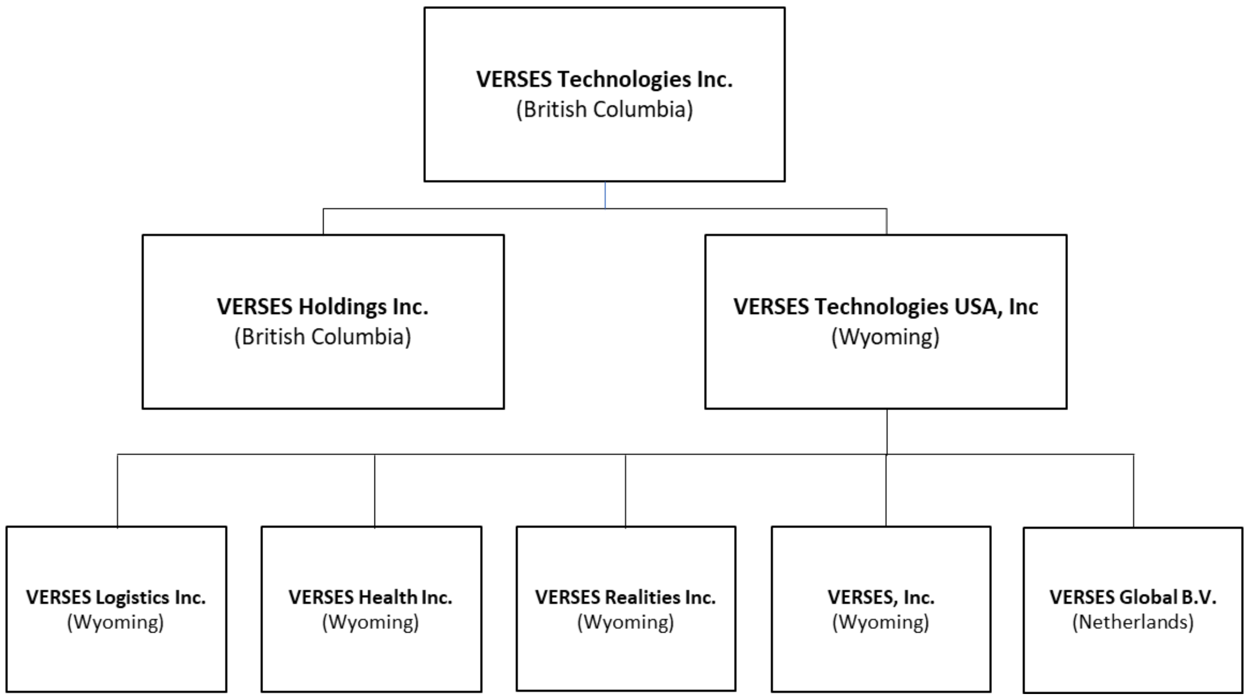
Notes:

(1) Directly held by the Company

(2) Directly held by VTU

(3) The Company's 100% ownership in VERSES Logistics Inc. is currently subject to the conversion of an outstanding SAFE valued at $1,000,000. See *"Description of the Business – History – Prior to Incorporation of the Company – Financing and Share Issuances*".

The chart below illustrates VERSES' corporate structure:



Principal Business

VERSES is a technology company that is developing the COSM Operating System which accelerates next generation application development and deployment for the Internet of Things (IoT) by helping manage location-based network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, devices, datasets, and AI models for third party services and developers.

See "*Description of the Business – VERSES Business*".

Use of Available Funds

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the securities commissions in British Columbia, Alberta and Ontario for the purpose of allowing the Company to become a reporting issuer in British Columbia, Alberta and Ontario and to enable the

Company to develop an organized market for its Subordinate Voting Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from general corporate funds.

The Company's estimated working capital as at May 31, 2022, being the most recent month end prior to the date of this Prospectus, was $4,000,000, which includes the net proceeds from the Special Warrant Financing. See "*Three-Year History – Special Warrant Financing*".

Principal Purposes

The Company's estimated working capital as at May 31, 2022, is intended to be used as follows:

Uses of Funds	Amount
Developing and furthering adoption of the Spatial Web Protocols(1)	$216,000
Developing COSM spatial web operating system and selected applications(2)	$1,168,000
Sales and marketing for customer acquisition, branding, and public relations(3)	$676,000
Research and Development(4)	$340,000
Investor Relations(5)	$184,000
Listing Costs(6)	$168,000
Executive Management(7)	$420,800
General and Administrative(8)	$443,200
Unallocated Working Capital	$384,000
Total	**$4,000,000**

Notes:

(1) Consisting of costs for promoting the adoption of Spatial Web protocols including conference attendance and promotion, speaker engagements, promotion of business development contacts and promotion and marketing in respect of the first inaugural Spatial Web Foundation Symposium, and costs incurred by the Chief Adoption Officer's team, such as the landscape analyses, lobbying efforts, and digital marketing.

(2) Including the salaries of 12 developers - $674,000 and the expected salaries of additional 10 development staff up to $494,000.

(3) Consisting of costs related to sales materials and toolkits - $12,000, salaries of sales staff focused on customer acquisition - $264,000, contractor efforts for branding and general marketing including the launch of awareness campaigns - $168,000, and salary and operating costs for marketing consultant(s) focused on executing informational campaigns with social media influencers - $232,000.

(4) Salary and operating costs for nine (9) member research team focused on neuroscience based probabilistic modeling, advanced mathematics, active inference, category theory, and machine learning to provide a sound scientific basis for highly distributed, scalable, context-aware adaptive computing architectures and applications capable of displaying autonomic enactive intelligence in any reasonable form or format.

(5) Consisting of investor relations consulting costs including, but not limited to, public relations campaign for the Listing - $76,000 and ongoing costs for investor relations campaigns - $108,000.
(6) Legal and accounting fees - $63,000, approximate NEO listing fees - $95,000 and transfer agent fees - $10,000.
(7) Consisting of compensation for the Chief Executive Officer, President and Chief Financial Officer
(8) Consisting of compensation for Chief Administration Officer, General Counsel, Human Resources Manager, Human Resources consultants and IT management, and fees for external counsel - $163,200, costs related to Director and Officer Insurance and other liability insurances such as cyber-crime and general/personal liability insurance - $200,000, third party subscription software fees, and, directors fees and travel and business development - $80,000.

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company's circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives. In addition, the current COVID pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed.

The primary business objectives of the Company with respect to the use of its available funds over the next 12 months are as follows:

1. Development and the continued marketing for the wide scale adoption of the Spatial Web protocols.
2. Development of the COSM Spatial Web operating system including the release of the SDK.
3. Execution of POC agreements with existing clients.
4. Furthering the execution of SaaS agreements that demonstrate the viability of Spatial Web applications for existing and new clients.

See "*Use of Available Funds*".

Selected Financial Information

The following tables set out certain selected financial information of the Company for the periods and as at the dates indicated. This information has been derived from the Financial Statements and related notes thereto included in this Prospectus. The Company prepares its financial statements in accordance with IFRS. Investors should read the following information in conjunction with those financial statements and related notes thereto, along with the related management discussion & analysis.

	The Company	**VERSES Business**		**Pro Forma Consolidated**
	From November 19, 2020 to March 31, 2021 (audited) (US$)	**For the year ended March 31, 2021 (audited) (US$)**	**For the year ended March 31, 2020 (audited) (US$)**	**From November 19, 2020 to March 31, 2021 (unaudited) (US$)**
Total revenue	Nil	97,200	125,000	97,200
Cost of sales	Nil	663,466	377,119	663,466
Expenses	72,802	1,873,059	1,290,807	2,465,255

Net loss and comprehensive loss for the period	73,671	2,528,154	1,826,314	3,124,121
Loss per share, basic and diluted	0.01	0.25	0.18	0.16
Current assets	116,956	909,247	250,768	2,828,290
Total assets	116,956	909,247	250,768	2,828,290
Current liabilities	34,688	6,497,811	3,546,083	6,544,187
Total liabilities	34,688	7,045,690	3,858,696	7,092,066
Total shareholders' equity (deficiency)	82,268	(6,136,443)	(3,608,289)	(4,263,776)

	The Company (consolidated)	**VERSES Business**
	For the nine months ended December 31, 2021 (unaudited) (US$)	**For the three months ended June 30, 2021 (unaudited) (US$)**
Total revenue	2,754,510	359,417
Cost of Sales	1,744,371	305,268
Expenses	2,775,119	746,143
Net loss and comprehensive loss for the period	3,679,791	203,003
Loss per share, basic and diluted	0.20	0.02
Current assets	11,156,347	921,048
Total assets	11,246,275	921,048
Current liabilities	1,780,888	6,468,527
Total liabilities	1,929,364	6,980,494
Total shareholders' equity (deficiency)	9,316,911	(6,059,446)

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statement Disclosure*".

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. Prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Company, including risks related to: the Company's limited operating history, the Company's need for additional funding, the Company's ability to successfully implement its growth strategy, conflicts of interest, uncertainty of the use of available funds, the Company's failure to manage growth, reliance on strategic partnerships, security breaches, software errors or defects, insufficient insurance coverage, figure to maintain, promote and enhance brand, internet use, privacy and security of sensitive information, changes in technology, competition, difficulty in forecasting, the Company's reputation, protection of intellectual property, COVID, the Company's "foreign private issuer" status, global economy risk, dependence on management and key personnel, government regulation, claims and legal proceedings, reporting issuer status, acquisitions, internal controls, the fact that there is no established market for the Company's securities, speculative nature of investment risk stock price, securities or industry analysts, price volatility of publicly traded securities, dilution, dividends and the Listing. See "*Risk Factors*".

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on November 19, 2020, under the name "Chromos Capital Corp." On June 17, 2021, the Company changed its name to "VERSES Technologies Inc." in connection with the Amalgamation. See *"Three-Year History – The Amalgamation"*.

The Company's head office is located at 205 - 810 Quayside Drive, New Westminster, BC V3M 6B9 and its registered and records office is located at 595 Howe Street, 10th Floor, Vancouver, BC V6C 2T5. The Company also has offices located at 5877 Obama Blvd, Los Angeles, California, 90016 and 8643 Hayden PI, Culver City, CA 90232.

Prior to the completion of the VTU Contribution on July 20, 2021, the Company did not carry on any active business or operations. The principal business of the Company had been to identify and evaluate businesses and assets with a view to completing a going public transaction. Following the completion of the VTU Contribution, the Company has carried on the VERSES Business through VTU.

The Company is not a reporting issuer in any jurisdiction and the Subordinate Voting Shares and Proportionate Voting Shares are not listed or posted for trading on any stock exchange. The NEO conditionally approved the listing of the Subordinate Voting Shares on May 31, 2022. Listing is subject to the Company fulfilling all of the listing requirements of the NEO.

As of the date hereof, the Company has two directly wholly-owned subsidiaries, being Holdco and VTU and five indirectly wholly-owned subsidiaries, being the Indirect Subsidiaries. Each of VTU and certain of the Indirect Subsidiaries operate different segments of the VERSES Business such as the incubation of novel applications for COSM, development of logistics and health-care focused applications of COSM and commercialization of the COSM Exchange.

Effective July 20, 2021, the Company amended its articles to create the Proportionate Voting Shares and to attach special rights and restrictions to the Subordinate Voting Shares and Proportionate Voting Shares. For more information of the special rights and restrictions of the Subordinate Voting Shares and Proportionate Voting Shares, see "*Description of Securities*".

See "*Corporate Structure*" and "*Description of the Business*".

Intercorporate Relationships

The Company operates a number of subsidiaries through which it conducts the VERSES Business. The following table illustrates the Company’s legal structure and relationship to and ownership interest in Holdco, VTU and the Indirect Subsidiaries, as at the date hereof.

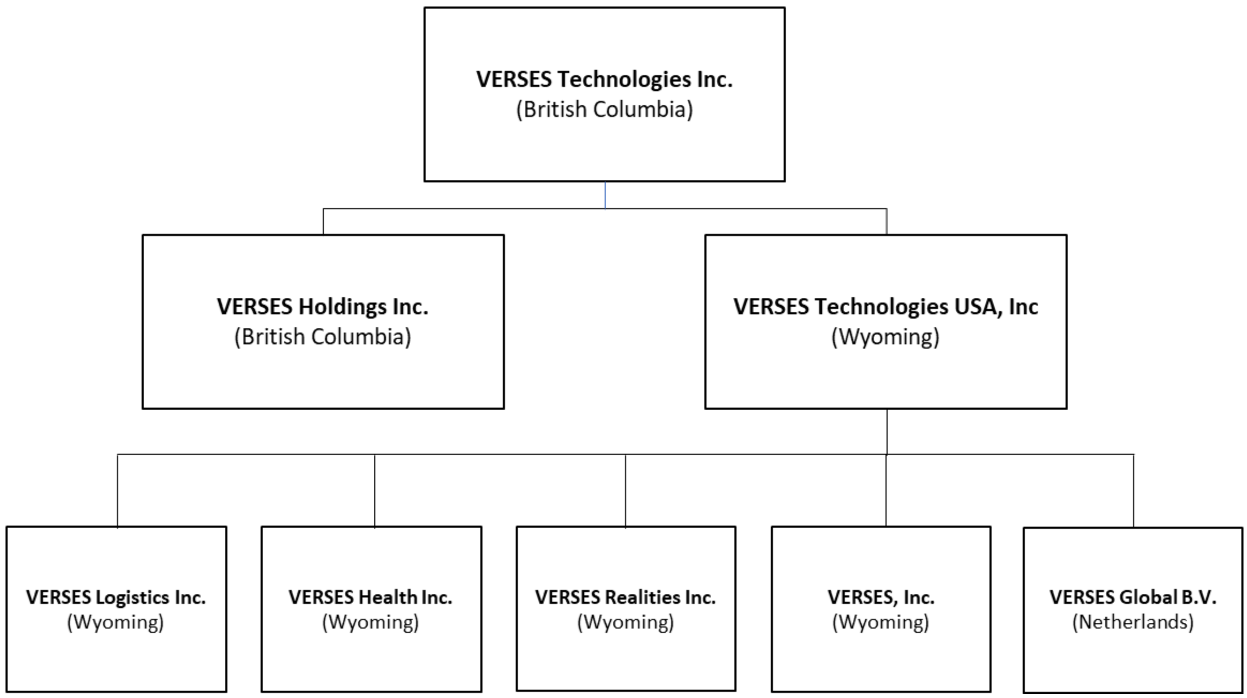
Name	Jurisdiction of Formation	Ownership Interests
VERSES Holdings Inc.	British Columbia	100%(1)
VERSES Technologies USA, Inc.	Wyoming	100%(1)
VERSES Logistics Inc.	Wyoming	100%(2)(3)
VERSES Health, Inc.	Wyoming	100%(2)
VERSES Realities, Inc.	Wyoming	100%(2)

VERSES, Inc.	Wyoming	100%(2)
VERSES Global B.V.	Netherlands	100%(2)

Notes:

(1) Directly held by the Company
(2) Directly held by VTU
(3) The Company's 100% ownership in VERSES Logistics Inc. is currently subject to the conversion of an outstanding SAFE valued at $1,000,000. See *"Description of the Business – History – Prior to Incorporation of the Company – Financing and Share Issuances*".

The chart below illustrates VERSES' corporate structure:



DESCRIPTION OF THE BUSINESS

VERSES Business

General Overview

The Company is a technology company that is developing COSM which accelerates next generation application development and deployment for the IoT by helping manage location-based network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web.

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, devices, datasets, and AI models for third party services and developers.

Background

The Company believes the Spatial Web is the next era in computing that integrates powerful technologies including Artificial Intelligence, IoT, Virtual and Augmented Reality, Digital Ledgers, and

Autonomous Machines into an "Internet of Everything." A problem in computing is that every organization and software system has developed its own "formula" for making sense of data. These formulas or data models (how data is structured and processed) are incomplete and incompatible with other formulas or data models. To the limited degree that they can interoperate, complexity and fragility increase exponentially in proportion to the number of integrations. VERSES seeks to address this problem of data interoperability, transparency, and accountability by unifying disparate data models into a network of permissioned context accessible by any authenticated Participant with the appropriate authorizations. More robust, trustworthy and accessible context can potentially improve the "flow" of information between software, hardware, and organizations which can lead to better decision making and, in turn, greater degrees of automation.

The Spatial Web

VERSES' business is based on the vision of the "**Spatial Web**" – an open, hyper-connected, context-aware, governance-based network of humans, machines and AI. VERSES' core platform, the COSM™ Operating System, is a network operating system that streamlines development and deployment of autonomous applications on the Spatial Web.

The Spatial Web, a network that integrates Web 3.0, Industry 4.0, Metaverse and IoT, and in particular, its applications, are expected to create economic value and growth as witnessed with predecessor technology paradigm shifts such as Industry 1.0 (mechanical), Industry 2.0 (steam/electric) and Industry 3.0 (computers/automation).

In an article calling The Spatial Web "the next era of computing"[1], Deloitte outlines how emerging technologies like AI, IoT, XR, Blockchain, and 5G can fit into a new cohesive computing stack that works in concert to augment, optimize, and then unify systems into ecosystems where data and context can flow seamlessly and securely.

[1] https://www2.deloitte.com/us/en/insights/topics/digital-transformation/web-3-0-technologies-in-business.html. (July 21, 2020)

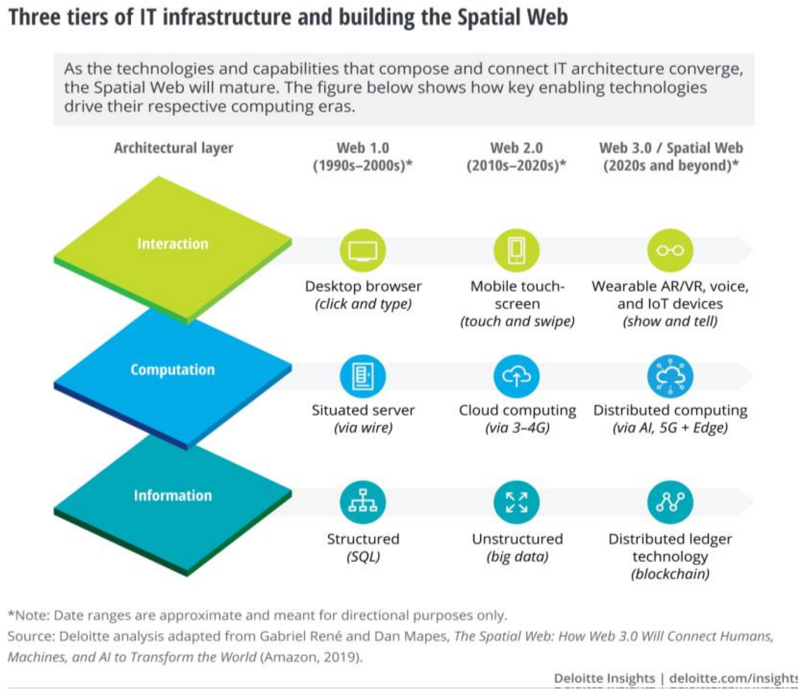


Figure 1: Three Tiers of IT Infrastructure[2]

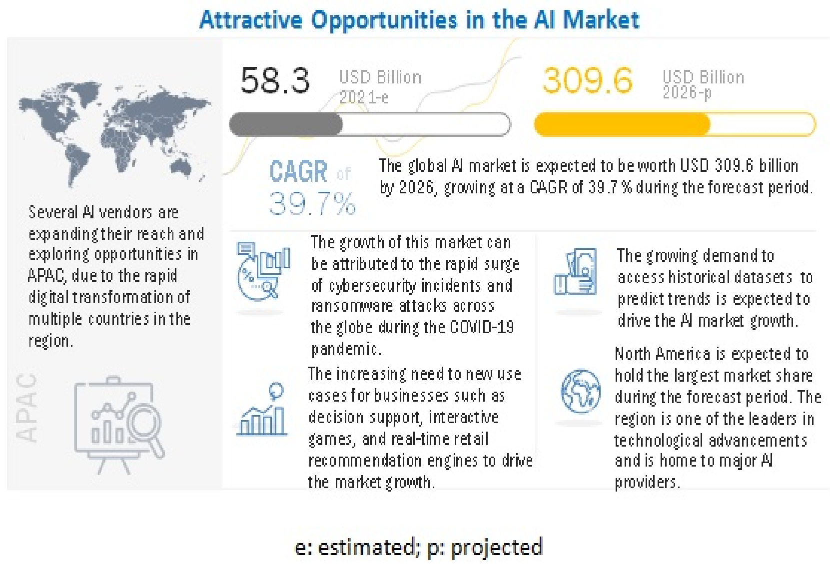


Figure 2: AI Market Opportunities[3]

A key indicator of the increasing demand for digital transformation is reflected in the Artificial Intelligence ("**AI**") market size which is expected to grow from USD 58.3 billion in 2021 to USD 309.6 billion by 2026, at a Compound Annual Growth Rate (CAGR) of 39.7%[4] (Figure 3).

The growth in investment and adoption of AI reflects the increasing demand for better, faster, cheaper, easier, 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

[2] Ibid.
[3] Source: https://www.marketsandmarkets.com/Market-Reports/artificial-intelligence-market-74851580.html
[4] Ibid.

amounts of data to detect patterns and anomalies in order to 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 extremely narrow in purpose, and are largely incompatible with other models. According to the IBM Cloud Blog, "80% of a data scientist's valuable time is spent simply finding, cleaning, and organising data, leaving only 20% to actually perform analysis" [5]. A 2018 study by OpenAI showed that the amount of computing power needed to train state-of-the-art AI models was doubling every 3.4 months[6]. Recent research coming out of Google indicates that certain choices made with regards to how and where we train neural networks can reduce the associated carbon footprint by up to 1000x[7].

VERSES' objective with COSM 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 explicitly pre-labeled, contextualized data structure can generate models that require less compute and human supervision, and that are more transparent and more interoperable with other models. All of which translates into greater accuracy and flexibility, faster development, and lower costs in the deployment of autonomous applications.

Overview of COSM

COSM is a network operating system for managing the interactions and transactions between humans, machines, and AI on the Spatial Web. Each "**Participant**" – being people, assets, devices, organizations, applications on the network – publishes its identity and location and, subject to access control permissions, Participant profile information such as attributes, authorizations, and capabilities can be correlated and contextualized with other Participant information as interrelationships and interdependencies in a graph data structure. Participants may search, browse, filter, and sort this enriched Context Complete™ data model in order to access relevant information, instructions, content, and experiences. Every Participant, by virtue of their activity on the network, generates more context resulting in a dynamic, shared contextual data model with the type of powerful network effects that generate the kind of mutual value exhibited by Web 2.0 crowdsourced systems such as Wikipedia, but translated into digitally enhanced, real-world operational environments.

COSM enables the development and deployment of a new class of hyper-integrated context-aware autonomous applications that support cross-platform networking between disparate hardware (i.e. drones, sensors, smart devices, robots) and software systems (i.e. enterprise services, cloud platforms, mobile applications, artificial intelligence). It is composed of five "Flow Modules" that work in concert to process and synthesize data coming from various IoT sensors and digital information systems into a coherent human-readable and machine-executable structure for purposes of delivering greater intelligence and automation of Human, IoT, AI, and Robotic field activities.

[5] https://www.ibm.com/cloud/blog/ibm-data-catalog-data-scientists-productivity
[6] https://openai.com/blog/ai-and-compute/#modern
[7] https://arxiv.org/abs/2104.10350

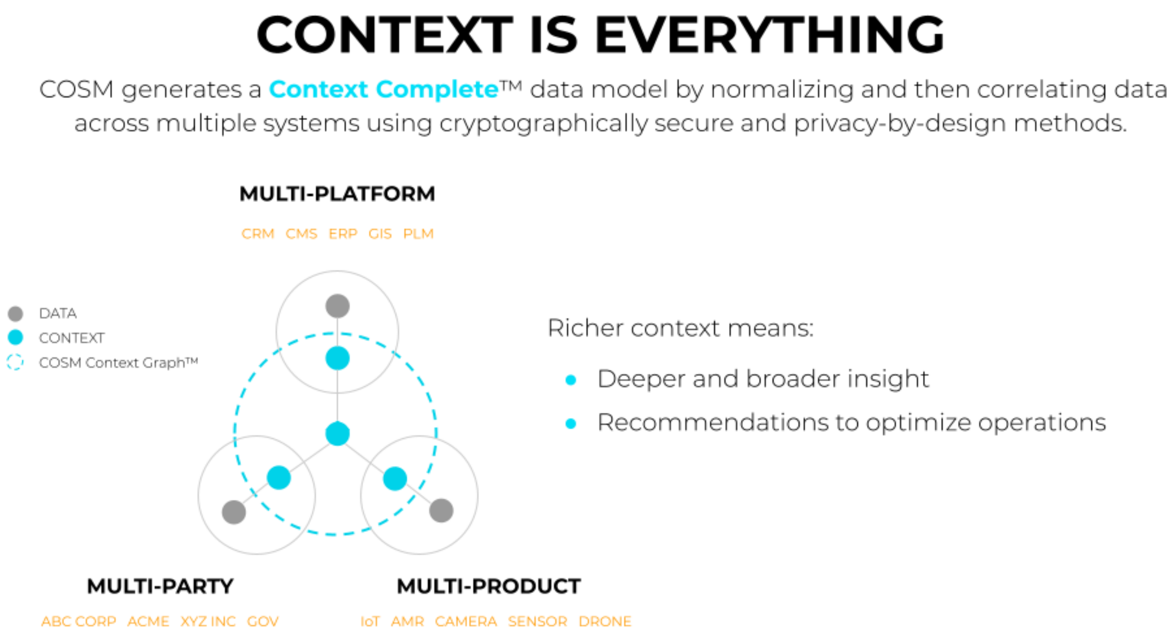


Figure 3: COSM Context Complete™ Data Model

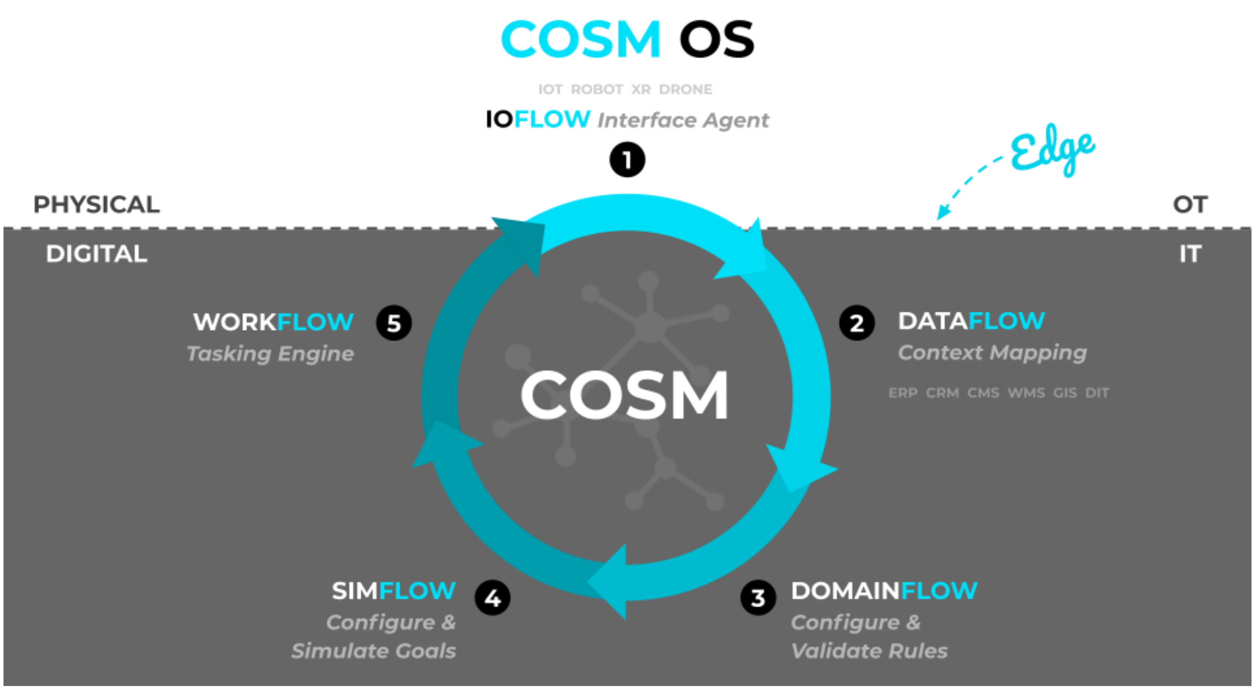


Figure 4: COSM Flow Modules

<u>COSM Flow Modules</u>

COSM is powered by five "**Flow Modules**" that work in concert to intelligently manage and optimize the "flow" of data and activity between cyber-physical systems. Inspired by the four steps of the intelligence loop (observe, orient, decide, act) that humans use to cognitively process the physical world, the Flow

Modules intelligently process data as a continuous cyber-physical feedback loop. The COSM Portal is a web-based interface in which users register assets and configure the Flow Modules to mirror their organization's operational processes and constraints.

IOFlow. Edge Device Interface.

IOFlow's core function is to mediate the data streams of sensors, actuators, devices, cameras, robots, and drones in and out of COSM. The result is a giant mesh network of digital sensors – eyes, ears, fingers – able to collectively sense the world and actuators and motors - able to collectively perform actions in the world. As IOFlow adapters are developed to support new devices, their profiles become part of the COSM device library making it easier for other developers to add and configure their hardware.

Applications and SDKs can be developed and configured to control these devices, machines and actuators that connect through the COSM Application Programming Interface ("**API**"), communicating through compatible data schemas and protocols. See *"COSM APP: Wayfinder"* below. Organizations can configure and manage their devices and applications through their COSM portal. Device Management providers will help provision, configure, and maintain devices to ensure continuous uptime.

IOFlow will streamline the onboarding of edge devices by supporting leading IoT frameworks like EdgeX Foundry and Azure IoT Edge.

DataFlow. Context Mapping.

Just as crude oil must be refined in order to be useful; Data must be processed into insights. However, most digital information systems have unique data models (structure, naming convention, field type) and ingesting data from multiple sources is a costly and time-consuming effort. More importantly, the final result – the insight about the data – is incomplete and incompatible with other current and future data models from other systems. DataFlow enables the ingestion of data from disparate sources (ERP, CMS, CRM, GIS, WMS, etc.) and data streams (from IOFlow) and maps them into a coherent contextualized format that can be shared with other systems.

DataFlow will support the ingestion and mapping of data into context by supporting leading API Integration Platform-as-a-Service such as MuleSoft, Dell Boomi, and Informatica.

DomainFlow. Rule Configuration and Verification.

DomainFlow manages the issuance, verification, and revocation of digital credentials which govern the ability of Participants to read from and write to the contextual data model. In this module, users generate "Digital Policies" in a human readable and machine executable format which outline the requirements and restrictions that govern interactions between people, places, and things. DomainFlow's real time verification of credentials and policy compliance is key to enabling increasingly autonomous operations.

SimFlow. Goal-based Simulation Composer.

Conventional AI models have trouble scaling and sharing their "sense-making" because most of the engineering effort goes into organizing and classifying data for highly specialized "blackbox" algorithms which can't be applied to other use cases. COSM remedies this data normalization problem in IOFlow and DataFlow so that in SimFlow, users can map data onto a 3D scene graph of a given space and define operational business logic, goals, requirements, and restrictions. SimFlow runs simulations to optimize for the goal-state and generates recommendations and instructions for how to achieve the goal state. Unlike conventional blackbox AI models, SimFlow models may be audited, modified, published on the COSM Exchange, and combined with other models to create combinatorial benefits. Initial SimFlow models being employed include routing, spatial analytics, space utilization, and asset and user tracking.

WorkFlow. Agent task orchestration.

Every organization and interorganizational ecosystem has a set of activities that can be translated into human readable and machine executable workflows by way of low code/no code workflow diagrams in WorkFlow. Examples of this are:

- *Warehouses.* Directing workers to pick products from the shelves for shipment.
- *Drones.* Directing autonomous drones to pick up and deliver items to and from designated locations.
- *Facility Management.* Directing autonomous robots to clean floors.

In the COSM Portal, WorkFlow activities can be sent to any registered application or device, such as a mobile handheld, camera, sensor, drone or robot, with the capabilities (i.e. digital display, speaker, processing power, data storage, wheels, aerial motion, payload capacity) required to execute the task. By converting the operational recommendations from SimFlow into WorkFlow assignments, COSM enables the composition and orchestration of instructions being delivered to connected devices and machines.

COSM Intelligence Loop. Continuous Improvement.

WorkFlow assignments are sent to applications and devices registered in IOFlow to execute in the real world, thereby completing the COSM loop. The completion of these activities further updates the contextual scene graph, feeding fresh information into DataFlow for SimFlow to analyze and, in turn, generate more recommendations and instructions to WorkFlow. This continuous real-time, dynamic cyber-physical feedback loop is what leads to greater intelligence, optimization, and automation.

COSM App: Wayfinder

WayFinder Application

VERSES' flagship COSM application, WayFinder™, provides for the optimization and automation of task-based operations in logistics heavy environments such as warehouses and retail locations by improving the use of space and the flow of assets in it via highly contextualized predictive intelligence and AI-assisted modeling and routing. Wayfinder leverages a spatial model of the warehouse to direct pickers to the exact location in the 3D space. This spatial model can be used to coordinate human activity alongside autonomous robots and drones for optimizing various tasks. WayFinder directs users through a multi-modal guided workflow with both visual and audio instructions via a handheld mobile app or augmented reality glasses. For example, it helps warehouse workers quickly navigate through fulfillment zones to pick products using visual (map) and voice queues. WayFinder assists warehouse workers with several tasks including picking, putaway, inventory inquiries, and replenishment. WayFinder improves labor management by decreasing training time and eases the cognitive load for workers. WayFinder has been ported to Magic Leap and Microsoft HoloLens Augmented Reality headsets for hands-free operation and is being tested in Proof of Concepts ("**POCs**") with major service providers and retailers.

Additional functionality in development includes, without limitation: (i) slot optimization (i.e. ensuring the ideal placement of product); (ii) space utilization (i.e. flow of inbound product, ensuring that all available warehouse space is utilized efficiently); and (iii) real time asset tracking and inventory management. The collective value proposition of these features for warehouse operators is improved cash flow, greater throughput, de-risked compliance with service level agreements, deferred or eliminated capital expenses, faster employee onboarding, lower employee turnover, and reduced employee headcount for the same output.

Other example use cases are:

- *Retail.* Front of the house and back of the house activities.
- *Healthcare.* Moving patients and assets throughout hospitals.
- *Parcel Delivery.* Tasking and routing of delivery routes as well as keeping track of where the asset is located on the vehicle.
- *Field Services.* Directing workers to a location and completing a task.
- *Maintenance & Inspection.* Guided workflow with step-by-step instructions.
- *Security.* Directions to follow security routes and attend to alerts.

WayFinder Portal

WayFinder Portal is a web-based dashboard for monitoring performance KPIs of any task-based organization. Features include:

- single-site or multisite aggregate operational KPIs such as tasks per hour, units per hour, active employees, inventory levels, activity volume;
- 3D Digital Twin view of the site the location of all registered assets (employee, device, machine, product) and its individual KPIs;
- heatmap illustrating the areas where and which type of activity is occurring;
- recommendations to reposition assets for optimal accessibility and flow; and
- return on investment estimates to help managers determine when, where, how, and who to assign tasks to.

Research and Development

Research and development by VERSES is led by both of its Research Lab and the Innovations Team, which have distinct functions.

The main function of the Research Lab is to research and experiment with new techniques and technologies in an autonomous fashion, while working closely with the Innovations Team to align Research Lab outcomes with the commercial and product-related objectives of VERSES.

The researchers that make up the VERSES Research Lab have the following sets of competencies:

1. Probabilistic model and inference-based approaches to (artificial) intelligence;

2. Model-based reinforcement learning;

3. Category theory, gauge theory, and other advanced mathematics;

4. Physics modelling (for dynamic models) and neuroscience modelling (for plausible forms of agent intelligence); and

5. Social science expertise (philosophy, social neuroscience, psychology, anthropology) to help conceptualise and research human intelligence, cognition, emotion, and social interactions in an "ecologically valid" way, and to develop a coherent and compelling Code of Ethics.

The Innovations Team's role is to use the output of the Research Lab to generate demos and proofs of concept that have direct applicability to the Product Team and its deliverables.

COSM Exchange

Similar to the app exchanges of Salesforce, Apple, Google, Esri, and others, the COSM Exchange will allow COSM applications developed by third parties to be published, along with microservices, data streams, workflow templates, and AI models. VERSES plans to charge a revenue share fee for the COSM Exchange. The COSM Exchange is expected to serve as a marketplace wherein service providers and developers can compete to provide the highest quality services and most useful applications. The COSM Exchange will facilitate users finding solutions via search as well as by browsing sections by category or grouped as "Featured", "Recent", and "Recommended". Verified buyers will be able to provide ratings and reviews.

VERSES is currently developing the COSM Exchange so that registered developers will be able to submit applications or assets to the COSM Exchange for Quality Assurance ("**QA**") evaluation. Under this process, VERSES will assemble a QA team which will run each submission through a battery of unit tests and reviews for compliance with VERSES' terms and conditions. Following such testing and review, the app will be published for discovery and installation.

In addition to the COSM Exchange being a standalone "App Store", offerings are expected to have the capability to be embedded into the appropriate sections of each Flow Module. For example, when creating a Spatial Policy for drone management within DomainFlow, rather than developing one from scratch, users may purchase existing templates or libraries as a starting point. As COSM applications can share contextual models between them, they can be combined or composed in novel ways.

Business Model

VERSES plans to go-to-market by building and selling first-party COSM applications developed for specific industries. By way of example, for the logistics industry, VERSES has developed and deployed the WayFinder application that improves warehouse fulfillment efficiency up to 50% and can increase bottom-line margins by over 30% in warehouse operations[8]. One of VERSES' clients, NRI Distribution ("**NRI**"), is a Third Party Logistics (3PL) fulfillment company with international distribution centers serving hundreds of customers around the world. See "*History – Development of the Company following Incorporation – Development of the Business*" for a description of the NRI SaaS Agreement.

Expanding into new industry verticals begins with a direct sales and delivery strategy and once the Company has demonstrable success, the Company plans to shift focus on a channel partnership model to scale. Target channel partners include leading system integrators, software and hardware platform providers, and industry specific software solution providers.

[8] Figures measured and validated jointly by VERSES and NRI.

COSM Pricing Model

Users will configure the COSM Flow Modules to mirror their operational processes and business logic. Fees will be assessed based on the number of registered assets, credentials, and API calls processed and available in the following three tiers:

- ***Free***. Users can test drive COSM with access to all features but with a limited number of registered assets, credentials, and API Calls.
- ***Pro***. Self-serve pay-as-you-go subscription to COSM for volumes above the Free tier.
- ***Enterprise***. Custom pricing for high volumes that includes Service License Agreements, training, and support.

COSM Application Pricing Model

Industry specific application fees will be assessed using the variables and KPIs that drive value for the end user. For example in WayFinder, these variables are the (i) # of warehouses; (ii) # of SKUs, (iii) # of pickers; and (iv) # of picks. WayFinder pricing model is designed to allow customers to retain approximately two-thirds of the savings generated from VERSES' solution. Custom retail pricing may be negotiated based on minimum volumes and a multi-year term while resellers can receive a wholesale discount.

Sales Strategy

Direct Sales

VERSES has a business development team dedicated to exploring how the Spatial Web fundamentally addresses their industry's specific problems with the goal of securing sponsorship of a POC. VERSES plans to structure an initial project including a roadmap to long-term wide-scale rollout.

Once VERSES quantifiably demonstrates the value proposition of the Company's offering via the POC by demonstrating COSM's ability to enhance operating efficiencies for the proposed customer (i.e. WayFinder's ability to increase efficiency for warehouse or logistic based business), VERSES proposes a customer deployment roadmap along with a value-based enterprise pricing model which can be structured as either a SaaS pay-as-you-go subscription or a discounted multi-year contract (minimum three (3) years).

Channel Partners

VERSES plans to partner with Systems Integrators ("**SIs**") in 2022 to demonstrate the value of the Spatial Web by first applying COSM to use cases focused in logistics and supply chain operations (i.e. distribution, manufacturing and shipping). VERSES will incentivize SIs by handing off long-term wide-scale deployments stemming from VERSES' Direct Sales efforts so that the Company can focus on high-margin recurring SaaS revenue rather than bespoke professional services.

Software Licensing

Similar to how certain microchips are "Powered by Intel", VERSES expects to enable COSM services to be embedded into OEM devices, developer applications and other software platforms in exchange for a licensing fee or royalty. As an example, COSM's digital twin and spatial analytics capabilities can be integrated into certain warehouse logistics platforms to empower frontline workers and site administrators with greater context for improved decision making and orchestration

Target Market

The Company expects that target customers will find VERSES organically through web searches, articles, podcast interviews, word of mouth, or through published thought leadership material such as the book authored by Gabriel René, Chief Executive Officer of the Company and Dan Mapes, President of the Company, entitled "The Spatial Web". VERSES expects to increase inbound traffic through investments in Search Engine Optimization, publishing articles and research papers, targeted advertisements, community engagement via social media, participation in conferences, panels, and webinars that target VERSES' ideal customer.

Direct Customers

Through its business development team, VERSES seeks customers with a minimum of approximately US$100M annual revenue, ten (10) locations, 500 potential end users, and targets a minimum three (3) year agreement (Post POC or Pilot) totalling between US$5-10M. The ideal customer leverages mainstream enterprise platforms such ERP, CRM and CMS, rather than home grown or proprietary software, to run their operations which streamlines integration and troubleshooting due to robust support and documentation. Additionally, adaptors developed for one platform may be reused thereby expanding COSM's interoperability. Customers should have a high level of *digital* maturity and *data science* maturity with a solid understanding of their processes and KPIs which accelerates VERSES' ability to quantify the Company's value and convert more business. COSM appeals to customers with a high degree of complexity – defined by a large number of product SKUs, transactions, locations, suppliers, buyers, employees – which typically translates into problems COSM was designed to solve such as visibility, accountability, and predictability. Other factors considered when qualifying and prioritizing opportunities are: high growth (+20% YOY growth), labor shortage, high employee turnover, and regulatory pressure (i.e. data privacy).

Channel Partners

VERSES employs a multi-pronged approach to fostering relationships with Channel Partners and Systems Integrators. VERSES' advisor and Director, Jay Samit, is a former Vice-Chairman of Deloitte with deep ties across the Deloitte organization. VERSES' Chief Commercial Officer, Michael Wadden, has 18 years of experience at Accenture and was a key part in the development of Accenture Digital. VERSES hired former leaders from Honeywell and Korber who are intimately familiar with voice-assisted picking, warehouse operations and the broader supply chain ecosystem. VERSES expects that hiring former talent of SIs, potential resellers, and strategic partners will accelerate VERSES' access to the appropriate champions and influencers within prospective customer organizations.

Developers

VERSES plans to target third party developers by providing API documentation, a SDK, training, support, and a developer portal. The Company will attract software engineers by hosting webinars, hackathons, and contests wherein developers are awarded incentives and recognition for innovative applications. The Company also plans to invest in building a low code/no code implementation to lower the barrier to entry for operations-centric non-coders. This will entail an interface that enables node-based process flows with drag and drop ease of use.

Employees, Specialized Skills and Knowledge

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (i.e. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

As at the year ended March 31, 2021, VERSES had no employees and had 30 contractors operating in the following jurisdictions:

- California: 23;
- Various states across the United States, excluding California[9]: 4; and
- Across Europe[10]: 3.

As at the date of this Prospectus, VERSES has 30 employees and 38 contractors operating in the following jurisdictions:

- California: 26;
- Various states across the United States, excluding California[11]: 24;
- Canada: 8; and
- Across Europe[12]: 10.

The Company expects its hiring cadence to be commensurate with scaling of customers and market demand of product features. VERSES' Human Resources Director has experience rapidly scaling from dozens to hundreds of employees with multiple start-ups and places a strong focus on building a great culture. VERSES' hiring strategy includes working with specialized recruiting firms to source domain experts, academic institutions to source PhD talent with relevant R&D experience, and premiere outsource agencies ready to allocate entire teams to meet the Company's hiring requirements.

Competitive Conditions

There are many companies competing on specific technologies related to digitizing and processing spatial data such as the volumetric capture of objects and spaces, pose and object recognition, semantic segmentation, facial recognition, asset tracking, localization, and more. However, these are quickly becoming commoditized. This is not VERSES' focus and instead VERSES expects to leverage these services as modular inputs and integrations. For example, Digital Twins can be generated using LiDAR scanners, photogrammetry, Computer Aided Design (CAD), or game engines and converted to and from various formats using off the shelf tools. COSM's value proposition is *mapping* information (context) into or onto these 3D (spatial) models in order to analyze, visualize, simulate, and optimize. COSM is agnostic

[9] New York, Oregon and Washington
[10] United Kingdom, France and Italy
[11] Colorado, Florida, Illinois, Maryland, Michigan, North Carolina, Nevada, New York, Oregon, Pennsylvania, Texas, Washington
[12] United Kingdom, Bulgaria, France, Italy and Netherlands

by design and will include adapters to translate data to and from multiple enterprise platforms (ERP, CRM, GIS, WMS) – examples include Mulesoft, Salesforce, ServiceNow, Esri, SAP, Oracle. Additionally, COSM will support multiple cloud services providers for hosting, processing, and content distribution such as Amazon Web Services, Google Cloud, Microsoft Azure, and Snowflake.

Similarly, various "Digital Twin" or "Metaverse" platforms such as Nvidia's Omniverse, Meta/Facebook's Horizons, Autodesk's Tandem, Magic Leap's Magicverse, Google's Supply Chain Twin, and others exist and are each seeking to attract users and customers into their platform specific ecosystem. These platforms may provide varying degrees of value, but VERSES believes that they do not address the fundamental problems of data interoperability and data governance *between* systems.

Due to VERSES' unique network-first approach, VERSES is able to avoid the platform-specific siloed approach of the aforementioned initiatives. As such, VERSES expects to position its product offerings as complementary to rather than competitive with these platforms and, further, they may be considered strategic partners or even prospective customers.

Intangible Properties

VERSES recognizes the importance of its intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries. The following are patents, copyrights and trademarks relevant to the Company's business:

<u>Patents</u>

- Warehouse optimization patent application 63/360,286 filed Sept 21, 2021 (United States Patent and Trademark Office)

<u>Copyrights</u>

- Source code for COSM and all software applications, APIs, adaptors, patches and libraries
- Proprietary images and logo designs
- Sales and marketing collateral
- Technical and investor presentations

<u>Trademarks</u>

- U.S. Registration No. 5838650 ("VERSES") in International Class 42 (Registered: August 20, 2019. Expires: August 19, 2029)
- U.S. Registration No.. 5839158 ("THE POWER OF SMART SPACE") in International Class 42 (Registered: August, 20, 2019. Expires: August 19, 2029)
- USPTO Appl. Serial No. 90613487 ("SPATIAL WEB") in Cl 42
- USPTO Appl. Serial No. 90613529 ("Powering the Spatial Web") in Cl 42
- USPTO Appl. Serial No. 88271188 ("VERSES SPATIAL WEB PROTOCOL") in Cl 42
- USPTO Appl. Serial No. 88271290 ("SPATIAL INTELLIGENCE MANAGEMENT") in Cl 42
- USPTO Appl. Serial No. 90612603 ("COSM")
- USPTO Appl. Serial No. 90610648 ("COSM OS")
- European Appl. Serial No. 018392857 ("VERSES")
- European Appl. Serial No. 018392875 ("COSM")

- European Appl. Serial No. 018392876 ("WAYFINDER")
- European Appl. Serial No. 018392878 ("POWERING THE SPATIAL WEB")
- European Appl. Serial No. 018392879 ("SPATIAL WEB")

Regulatory Environment

VERSES plans to operate in a variety of industries; some being heavily regulated such as health care and finance. As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy. Because the Company's software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally identifiable data, VERSES makes best efforts to comply with data privacy and security laws applicable to each location and/or sector that VERSES participates in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and (v) other rulesets. VERSES is sensitive to the importance of these regulations, and routinely employ "privacy by design" and "principles of least privilege" when crafting new applications and services. In fact, COSM was expressly designed to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property. VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. To ensure the Company's ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and trademark reviews. Additionally, the Company periodically audits and ensures compliance with the terms and conditions of all critical proprietary and open-source software licenses used in the Company's offerings. Further, VERSES seeks to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally identifiable data of third parties. As a result, VERSES has established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Physical. VERSES is a "distributed organization," so there is no centralized server, network, or single point of failure. Instead, VERSES leverages enterprise-grade cybersecurity and encryption intrinsic to cloud service providers such as Amazon Web Services ("**AWS**"), Microsoft Azure, and Google's Cloud Platform for hosting and computing.

Administrative. The Company is in the process of completing SOC/2 and ISO 27001 certifications, and has staff members dedicated to continuous monitoring and maintenance of system integrity and access control. VERSES also performs background checks on all new staff members prior to hire, and provide training to ensure that people understand exactly how privacy rules affect them on a daily basis when handling company business. Further, VERSES' General Counsel is both a Certified HIPAA Professional and Certified Information Privacy Professional, with over 20 years' experience in the Information Technology, Telecommunications and Internet industries, with 18 years of that working as a practicing attorney, with current, active licenses in California, New York and Washington D.C.

Technical. VERSES technology "stack" complies with Spatial Web protocols which are architected around privacy-by-design, including using the principle of least privilege, decentralized identities, verifiable credentials, and cryptographic "zero-knowledge" proofs.

Material Restructuring Transactions

In order to proceed with the application to be listed on NEO and to facilitate the Company's going public process, the following reorganization was completed:

1. on November 9, 2020 Former Holdco was incorporated in British Columbia, Canada;
2. on November 19, 2020 the Company was incorporated in British Columbia, Canada;
3. on May 28, 2021, the Amalgamation was completed; and
4. on July 20, 2021:
    a. pursuant to the VTU Contribution Agreement, the Company acquired all of the outstanding VTU Shares, whereby the Company issued a total of 4,944,832 Subordinate Voting Shares and 10,000,000 Proportionate Voting Shares to the VTU Contributors; and
    b. the Company completed the Share Alteration.

As a result, former shareholders of Former Holdco and VTU currently hold Subordinate Voting Shares and Proportionate Voting Shares, as applicable, and the Company became the acquirer of the VERSES Business as owned and operated by VTU.

History

The following is a summary of certain material developments which have occurred since the formation of the Company's predecessor entities. In this section, references to "the Company" or "VERSES" when used to describe the development of the VERSES Business, refer to the Company, Former Holdco, Holdco and the Indirect Subsidiaries, as applicable.

Prior to Incorporation of the Company

Development of the Business

VTU was formed on September 19, 2018 under the laws of Wyoming. Since such date, it has managed and operated the VERSES Business.

Following the formation of VTU, in 2019, VERSES began developing Spatial Web protocols (HSTP and HSML) and began prototyping WayFinder, being VERSES' initial Spatial Web application, for the optimization of warehouse and fulfillment operations. During the same year, VERSES secured its first pilot of WayFinder with NRI in relation to its e-commerce warehousing and fulfillment business and it also received a grant from Magic Leap to port WayFinder into their Augmented Reality Headset.

On September 17, 2018, VTU entered into a software acquisition and IP transfer agreement (the "**Cyberlab Purchase Agreement**") whereby it purchased (the "**Cyberlab Purchase**") intellectual property from Cyberlab LLC ("**Cyberlab**"), a company owned by Dan Mapes, President and Director of Cyberlab, for US$1,500,000. The intellectual property was created by Cyberlab as part of its intention to incubate certain technological concepts for the VERSES Business. Since 2018, the intellectual property acquired by VTU has been a key catalyst for the development of the Spatial Web, COSM and the other key components of the VERSES Business. The purchase value was expensed by VERSES during the period ending March 31, 2019 as the intellectual property acquired was in process at the time of purchase and unable to separately valued.

Pursuant to the Cyberlab Purchase Agreement, VTU agreed to provide Cyberlab a royalty payment (the "**Cyberlab Royalty**") upon the occurrence of a liquidity event of a subsidiary of VTU, which shall include an initial public offering; acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated. Payments under the Cyberlab Royalty, when triggered, will equal 10% of VTU"s interest in an applicable liquidity event and shall be made as soon as practical following a liquidity event.

The software and intellectual property required further development and was subsequently expensed upon purchase. Concurrently with the Cyberlab Purchase, VTU entered into a credit facility agreement with Cyberlab (the "**Cyberlab Credit Facility**"). In addition to providing funding for the $1,500,000 purchase price of the Cyberlab Purchase, the Cyberlab Credit Facility provided funding for all operating costs of VTU from September 2018 until March 2019 for an agreed amount of $350,000 for the period ending March 31, 2019, and an additional amount of $155,600 for the period ending March 31, 2020. Interest accrued under the Cyberlab Credit Facility at an annual rate of 10% and repayment of principal and interest was due in full in December 2025. The balance under the Cyberlab Credit Facility was repaid in full in November 2021.

In conjunction with the commercial development of WayFinder, VERSES also began developing COSM as an operating system to abstract and streamline Spatial Web application development.

In September 2020, VERSES was contracted by Yale Open Lab to demonstrate interoperability and provenance of Climate Action Assets (i.e. carbon credits) across disparate national and subnational climate registries and ledgers.

In July 2020, VERSES secured a licensing agreement with the world’s largest standards development organization, IEEE, who designated the Spatial Web protocols "*a public imperative*," exclusively reserved for critical infrastructure standards that benefit humanity at large such as for nuclear energy and power grids.

VERSES consulted Deloitte on their article titled "*The Spatial Web and Web 3.0 – What business leaders should know about the next era of computer"*[13] calling the Spatial Web "*the next era in computing*" which was published on July 21, 2020.

In November 2020, VERSES was awarded a grant from the European Commission to develop tools to express EU policies in a machine readable/executable format to enable autonomous drone regulation. The initiative, which spans 5 cities over 3 years, seeks to enable use cases such as last mile delivery, taxi drones, emergency response, security and inspection.

[13] https://www2.deloitte.com/us/en/insights/topics/digital-transformation/web-3-0-technologies-in-business.html

Financings and Share Issuances

In September 2018, VTU issued an aggregate of 10,000,000 VTU Class B Shares at a price of $0.00001 per VTU Class B Share to Gabriel René, Chief Executive Officer and Director of the Company and Dan Mapes, President and Director of the Company, for aggregate gross proceeds of $100.00.

In September 2018 and concurrently with the Cyberlab Purchase, VTU entered into the Cyberlab Credit Facility. The balance under the Cyberlab Credit Facility was repaid in full in November 2021. See *"History – Prior to Incorporation of the Company – Development of the Business*".

In May and August 2019, Green Soma Inc., a company owned by Dan Mapes, President and Director of the Company, loaned a total of $109,000 to VTU. The loan bore an annual interest rate of 10%, and the full amount of $126,367 (including interest) was repaid in full by November 2021.

In September 2019, David Thomson, an executive of VTU, agreed to loan a total of $135,000 to VTU at an annual interest rate of 10%. The full amount of $161,568 (including interest) was repaid in full by November 2021.

Between October 2019 and July 2020, VTU executed convertible promissory notes with certain creditors totalling $130,000 as follows:

- in October 2019 and January 2020, convertible promissory notes totalling $25,000 which promissory notes converted into SAFEs valued at $50,000 (including interest) in February and April of 2020;
- in November and December 2019, convertible promissory notes totalling $15,000 which promissory notes converted into SAFEs valued at $30,000 (including interest) in March and April of 2020;
- in January 2020, a convertible promissory note totalling $30,000, which promissory note converted into a SAFE valued at $30,000 in February 2020;
- in March 2020, a convertible promissory note totalling $30,000, which promissory note converted into a SAFE valued at $30,000 shortly following issuance of the promissory note; and
- in July 2020, a convertible promissory note totalling $30,000, which promissory note converted into a SAFE valued at $30,000 shortly following issuance of the promissory note.

All SAFEs issued pursuant to conversions of convertible promissory notes issued between October 2019 and July 2020, valued at $170,000, were converted into 369,565 VTU Class A Shares prior to the VTU Contribution.

From April 2019 to October 2020, VTU issued SAFEs with an aggregate value of $954,000 in consideration for investor funding ($529,000) and lease credits ($425,000). These SAFEs were converted into 2,073,913 VTU Class A Shares prior to the VTU Contribution.

On June 5, 2020, VTU received a $142,400 loan from the U.S. Small Business Administration. The loan bears an interest rate of 3.75% per annum and requires monthly payments of $646 beginning in June 2021, which the Company has been making in accordance with its obligations under the loan.

In November 2020, an affiliate of NRI and a customer of VERSES Logistics Inc. ("**VLog**"), an Indirect Subsidiary, entered into an agreement whereby VLog received funding totalling $1,000,000, and in consideration for the funding, the affiliate of NRI received a $1,000,000 SAFE in VLog.

Development of the Company following Incorporation

The Company and Former Holdco

The Company was incorporated on November 19, 2020, under the BCBCA for the purposes of identifying and evaluating businesses and assets with a view to completing a going public transaction. For the purposes of providing capital to the Company and to facilitate the Amalgamation, Former Holdco was incorporated on November 9, 2020, under the BCBCA.

Development of the Business

Prior to May 31, 2021, VERSES completed the deployment of Wayfinder into production at three (3) distribution centers located in Southern California collectively representing 220,000 square feet of operations focused on a mix of e-commerce and wholesale fulfilment.

In August 2021, version 1.0 of the WayFinder Portal, which was powered by COSM, was released.

In 2021, VERSES has deployed the WayFinder SaaS solution to six (6) additional distribution centers, of which two (2) are in Southern California, three (3) are in proximity of Vancouver, British Columbia and one (1) is in proximity of Montreal.

In July 2021, VERSES launched the IEEE Working Group to standardize Spatial Web protocols.

On July 19, 2021, Gabriel René and Dan Mapes were appointed as directors of the Company.

On August 25, 2021, VERSES entered into a Software-as-a-Service agreement (the "**NRI SaaS Agreement**") with NRI whereby VERSES and NRI formalized their business relationship with respect to the implementation of WayFinder and COSM into NRI's warehousing operations. Pursuant to the NRI SaaS Agreement, VERSES granted to NRI the right and license to access WayFinder and COSM in conjunction with the creation and management of "3-D digital twins" (digital mapping) at NRI's fulfilment centres. In consideration of the grant of license and the training and support offered by VERSES, NRI agreed to pay to VERSES an aggregate of US$9,000,000 pursuant to the following fee schedule:

- US$1,500,000 on September 1, 2021;
- US$350,000 every three months starting on September 1, 2022 and ending on June 1, 2026; and
- US$475,000 every three months starting on September 1, 2026 and ending on June 1, 2027.

The initial term of the NRI SaaS Agreement began on September 1, 2021 and will continue through December 31, 2027. The NRI SaaS Agreement will be renewed with the written confirmation of NRI for a second sixty (60) month term, beginning on January 1, 2028 and continuing through December 31, 2032 pursuant to which NRI will be subject to a fee schedule of an aggregate total of US$17,500,000. The aggregate fees of both terms is US$26,500,000.

During 2021 and in addition to the NRI SaaS Agreement, VERSES entered into three agreements to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on COSM. During the same period, Deloitte's compliance department approved of the Company entering into a teaming relationship with Deloitte whereby Deloitte and the Company agreed to collaborate on encouraging implementations of WayFinder and COSM to Deloitte clients. There is no written agreement reflecting or governing the Company's relationship with Deloitte.

During the same period, VERSES established a teaming relationship with Deloitte, one of the world's largest system integrators, pursuant to which VERSES is approved to collaborate with Deloitte on solutions and implementations of WayFinder and COSM for Deloitte clients.

On September 27, 2021, Gabriel René was appointed as Chief Executive Officer of the Company, Dan Mapes was appointed as President of the Company and Kevin Wilson was appointed as Chief Financial Officer and Secretary of the Company.

In December 2021, VERSES expanded features in WayFinder by adding slot optimization functionality and updating the WayFinder Portal.

In December 2021, VERSES demonstrated the ability to express and enforce EU Policies and Regulations in a machine-readable format to assist governance of autonomous drones.

On April 14, 2022, Jonathan De Vos was appointed as director of the Company.

The Amalgamation

On April 29, 2021, the Company (formerly Chromos Capital Corp.), Former Holdco and Chromos Subco, a then wholly owned subsidiary of the Company formed for the sole purpose of effecting a three-cornered amalgamation of the Company and Former Holdco (the "**Amalgamation**"), entered into an amalgamation agreement (the "**Amalgamation Agreement**").

Immediately prior to the Amalgamation:

- the Company had 7,684,600 Common Shares issued and outstanding;
- Former Holdco had 6,750,003 common shares issued and outstanding (each, a "**Former Holdco Share**") and 1,250,000 common share purchase warrants (each, a "**Former Holdco Warrant**"), each Former Holdco Warrant entitling the holder thereof to acquire one Former Holdco Share at a price of C$0.40 per share; and
- Chromos Subco had one common share issued and outstanding.

Pursuant to the Amalgamation Agreement Chromos Subco amalgamated with Former Holdco under Section 269 of the BCBCA to form Holdco, which became a wholly owned subsidiary of the Company. Additionally, in accordance with the terms of the Amalgamation Agreement:

- 6,750,003 Former Holdco Shares were cancelled, and in consideration therefor, each Former Holdco shareholder received one Common Share at a deemed price of C$0.10 per Common Share in exchange for every one Former Holdco Share held by such holder; and
- 1,250,000 Former Holdco Warrants were cancelled, and in consideration therefor, each Former Holdco Warrant holder received one Common Share purchase warrant for every one Former Holdco Warrant held by such holder on substantially the same terms and conditions as the Former Holdco Warrants, each warrant exercisable at a price equal to the exercise price of each Former Holdco Warrant, being $0.40 per Common Share.

The Amalgamation was completed on May 28, 2021. Following the Amalgamation, on June 17, 2021, the Company changed its name from "Chromos Capital Corp." to "Verses Technologies Inc." and Holdco, which was named "Verses Technologies Incorporated" immediately following the Amalgamation, changed its name to "Verses Holdings Inc."

VTU Contribution

On June 21, 2021, the Company, VTU, each of the holders (the "**VTU Shareholders**") of Class A shares ("**VTU Class A Shares**") and Class B shares (the "**VTU Class B Shares**, together with the VTU Class A Shares, the "**VTU Shares**") of common stock of VTU and certain individuals delivering a shareholder consent agreement (the "**Consent Parties**", together with the VTU Shareholders, the "**VTU Contributors**") entered into a contribution agreement (the "**Contribution Agreement**") whereby the Company acquired all of the outstanding VTU Shares (the "**VTU Contribution**").

Pursuant to the terms of the Contribution Agreement:

- each Consent Party entered into a subscription agreement with VTU whereby the Consent Parties received VTU Class A Shares prior to the transfer of VTU Shares under the Contribution Agreement;
- the VTU Contributors transferred all the issued and outstanding VTU Shares to the Company;
- in exchange for the VTU Class A Shares, the Company issued to the VTU Contributors one Subordinate Voting Share for each VTU Class A Share held prior to the transfer of VTU Class A Shares to the Company; and
- in exchange for the VTU Class B Shares, the Company issued to the VTU Contributors one Proportionate Voting Share for each VTU Class B Share held prior to the transfer of VTU Class B Shares to the Company.

The VTU Contribution was completed on July 20, 2021, whereby the Company issued a total of 4,944,832 Subordinate Voting Shares and 10,000,000 Proportionate Voting Shares to the VTU Contributors. 5,000,000 Proportionate Voting Shares were issued to each of Gabriel René, Chief Executive Officer and Director of the Company and Dan Mapes, President and Director of the Company.

To facilitate the VTU Contribution, the Company changed the identifying name of the Common Shares to "Class A Subordinate Voting Shares", being the Subordinate Voting Shares, and altered its authorized share structure by creating an unlimited number of Class B Proportionate Voting Shares, being the Proportionate Voting Shares (the "**Share Alteration**"). The Share Alteration was approved by the holders of common shares of the Company on July 19, 2021 and was made effective July 20, 2021. In connection with the Share Alteration, the Company also amended its articles to add special rights and restrictions to the Subordinate Voting Shares and Proportionate Voting Shares. See *"Description of Securities"* for a description of the Subordinate Voting Shares and Proportionate Voting Shares.

Financings and Share Issuances

Since its incorporation on November 19, 2020, the Company has completed the following private placement offerings of Common Shares:

- on December 1, 2020, the Company issued an aggregate of 5,500,000 Common Shares at a price of \$0.004 (C\$0.005) per Common Share for aggregate gross proceeds of \$21,867 (C\$27,500);
- on December 31, 2020, the Company issued an aggregate of 400,000 Common Shares at a price of \$0.04 (C\$0.05) per Common Share for gross proceeds of \$15,904 (C\$20,000);
- on March 22, 2021, the Company issued an aggregate of 1,085,998 Common Shares at a price of \$0.08 (C\$0.10) per Common Share for gross proceeds of \$86,359 (C\$108,599.80); and
- on April 8, 2021, the Company issued an aggregate of 698,600 Common Shares at a price of \$0.08 (C\$0.10) per Common Share for gross proceeds of \$56,866 (C\$69,860).

On December 14 and December 31, 2020, Former Holdco completed two tranches of a private placement offering of Former Holdco Shares pursuant to which Former Holdco issued an aggregate of 6,250,000 Former Holdco Shares at a price of $0.32 (C$0.40) per Former Holdco Share for aggregate gross proceeds of $1,988,000 (C$2,500,000). In connection with this offering, Former Holdco paid cash finder's fees of $55,664 and issued 175,000 Former Holdco Shares to a certain arm's length finder at a deemed price of $0.32 (C$0.40) per Former Holdco Share.

In December 2020 and January 2021, VTU executed SAFEs with an aggregate value of $969,000 in consideration for investor funding. These SAFEs were converted into 2,106,522 VTU Class A Shares prior to the VTU Contribution.

On January 20, 2021, Former Holdco entered into a financial advisor consulting agreement with a non-arm's length financial consultancy firm whereby Former Holdco would receive services relating to, among other things, financial and operational analysis, capital markets guidance and the review of strategic opportunities. The consulting agreement was terminated on March 24, 2021 whereby Former Holdco paid to the consultancy firm: (i) C$26,000, (ii) 1,250,000 Former Holdco Warrants, each Former Holdco Warrant exercisable to acquire one Former Holdco Share at a price of C$0.40 per Former Holdco Share until April 15, 2026; and (iii) 325,000 Former Holdco Shares.

In February 2021, VTU executed a convertible promissory note with a creditor totalling $20,000 which promissory note converted into a SAFE shortly following issuance of the promissory note. The SAFE was converted into 43,478 VTU Class A Shares prior to the VTU Contribution.

In July 2021 and prior to the VTU Contribution, VTU issued an aggregate of 608,695 VTU Class A Shares at a price of $0.46 per VTU Class A Share for gross proceeds of $280,000.

All holders of SAFEs of VTU converted their respective SAFEs into VTU Class A Shares prior to the VTU Contribution, except for one SAFE holder, who agreed to forfeit $118,378 of their SAFE balance in consideration for stock options and equity-based compensation in connection with the holder's compensation as a contractor of VERSES. The SAFE of VLog valued at $1,000,000 remains outstanding with no expected timing for conversion.

On October 21 and November 2, 2021, the Company completed two tranches of a private placement offering (the "**Special Warrant Financing**") of 20,000,000 special warrants (the "**Special Warrants**") at an issue price of C$0.80 per Special Warrant for aggregate gross proceeds of C$16,000,000. Each Special Warrant will be deemed to be exercised into one Unit (a "**Special Warrant Unit**") on the date that is earlier of: (i) the date on which the Company obtains a receipt from the applicable securities commissions in Canada for its final prospectus qualifying the distribution of the Special Warrant Units; and (ii) the date that is four months and a day after date of issuance of the Special Warrants. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "**Unit Share**") and one-half of one Subordinate Voting Share purchase warrant (a "**Unit Warrant**"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "**Unit Warrant Share**") at an exercise price of C$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

In connection with the Special Warrant Financing and as consideration for the introduction of certain subscribers to the Company, the Company paid cash finders' fees of C$478,538.28, issued 1,003,077 Special Warrants and issued 1,601,000 finder warrants (the "**Finder Warrants**") to certain arm's length finders. Each Finder Warrant is exercisable by the holder thereof into one unit of the Company (a "**Finder Unit**"). Each Finder Unit is comprised of one Subordinate Voting Share and one-half of one

Subordinate Voting Share purchase warrant (a "**Finder Unit Warrant**"), each Finder Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "**Finder Unit Warrant Share**") at an exercise price of C$1.20 per Finder Unit Warrant Share for a period of 24 months following the date of issuance.

On February 22, 2022, 13,183,263 Special Warrants were deemed to be exercised into 13,183,263 Units consisting of 13,183,263 Unit Shares and 6,591,631 Unit Warrants. On March 3, 2022, 7,819,814 Special Warrants were deemed to be exercised into 7,819,814 Units consisting of 7,819,814 Unit Shares and 3,909,906 Unit Warrants.

Expected Changes

The Company intends to move forward in carrying out its strategies, meeting its business objectives and developing its business as described elsewhere in this Prospectus – see information under the heading "*Description of the Business*" for a description of the Company's business. However, the Company's strategies and business objectives may be impacted by changes in the global economy, the impact of COVID on the Company's operations, personnel and financial condition, the impact of COVID on the operations, personnel and financial condition of the business partners of the Company, changes in legislation, and unanticipated costs.

USE OF AVAILABLE FUNDS

Available Funds

The Company's estimated working capital as at May 31, 2022, being the most recent month end prior to the date of this Prospectus, was $4,000,000, which includes the net proceeds from the Special Warrant Financing. See "*Three-Year History – Special Warrant Financing*".

Principal Purposes

The Company's estimated working capital as at May 31, 2022, is intended to be used as follows:

Uses of Funds	Amount
Developing and furthering adoption of the Spatial Web Protocols(1)	$216,000
Developing COSM spatial web operating system and selected applications(2)	$1,168,000
Sales and marketing for customer acquisition, branding, and public relations(3)	$676,000
Research and Development(4)	$340,000
Investor Relations(5)	$184,000
Listing Costs(6)	$168,000
Executive Management(7)	$420,800
General and Administrative(8)	$443,200

Unallocated Working Capital	$384,000
Total	**$4,000,000**

Notes:

(1) Consisting of costs for promoting the adoption of Spatial Web protocols including conference attendance and promotion, speaker engagements, promotion of business development contacts and promotion and marketing in respect of the first inaugural Spatial Web Foundation Symposium, and costs incurred by the Chief Adoption Officer's team, such as the landscape analyses, lobbying efforts, and digital marketing.

(2) Including the salaries of 12 developers - $674,000 and the expected salaries of additional 10 development staff up to $494,000.

(3) Consisting of costs related to sales materials and toolkits - $12,000, salaries of sales staff focused on customer acquisition - $264,000, contractor efforts for branding and general marketing including the launch of awareness campaigns - $168,000, and salary and operating costs for marketing consultant(s) focused on executing informational campaigns with social media influencers - $232,000.

(4) Salary and operating costs for nine (9) member research team focused on neuroscience based probabilistic modeling, advanced mathematics, active inference, category theory, and machine learning to provide a sound scientific basis for highly distributed, scalable, context-aware adaptive computing architectures and applications capable of displaying autonomic enactive intelligence in any reasonable form or format.

(5) Consisting of investor relations consulting costs including, but not limited to, public relations campaign for the Listing - $76,000 and ongoing costs for investor relations campaigns - $108,000.

(6) Legal and accounting fees - $63,000, approximate NEO listing fees - $95,000 and transfer agent fees - $10,000.

(7) Consisting of compensation for the Chief Executive Officer, President and Chief Financial Officer

(8) Consisting of compensation for Chief Administration Officer, General Counsel, Human Resources Manager, Human Resources consultants and IT management, and fees for external counsel - $163,200, costs related to Director and Officer Insurance and other liability insurances such as cyber-crime and general/personal liability insurance - $200,000, third party subscription software fees, and, directors fees and travel and business development - $80,000.

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company's circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives. In addition, the current COVID pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed.

Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "*Risk Factors*".

Business Objectives and Milestones

The primary business objectives of the Company with respect to the use of its available funds over the next 12 months are as follows:

1. Development and the continued marketing for the wide scale adoption of the Spatial Web protocols.
2. Development of the COSM Spatial Web operating system including the release of the SDK.
3. Execution of POC agreements with existing clients.
4. Furthering the execution of SaaS agreements that demonstrate the viability of Spatial Web applications for existing and new clients.

Milestone	Description	Estimated Time Frame	Estimated Funds
1	Launch brand refresh including new website, investor relations campaign, social media campaign, and content to promote search engine optimization, education, and adoption of COSM.	Q2 2022	$188,000
2	Complete current POC projects and convert such projects into multi-year recurring contracts.	Q2 2022	$36,000
3	Deploy Wayfinder into 16 warehouses per quarter per Statement of Work agreements.	Q2 2022	$176,000
4	Release refactored Wayfinder Application, Admin Portal, SimFlow, and IOFlow modules. Release alpha version of COSM for VLog.	Q3 2022	$600,000
5	Release Beta version of DomainFlow portal and cloud infrastructure for registering assets and credentials including completion of a scalable pipeline for generating an interoperable digital twin using existing hardware and software.	Q3 2022	$313,600
6	Release alpha version of Spatial DNS and distributed global scene graph.	Q3 2022	$324,000
7	Release alpha version of WorkFlow modules enabling the creation and management of unlimited activity types and multi agent activity coordination to support any use case.	Q4 2022	$428,000
8	Release alpha version of COSM Applications, Portals, and SimFlow modules required to deploy autonomous mobility policy and compliance application.	Q4 2022	$328,000

9	Host Spatial Web Symposium to convene global influencers for a series of panels, seminars, workshops, and reveal of spatial web protocol use cases.	Q1 2023	$120,000
10	Complete developer relations infrastructure to provide documentation, training, webinars, and general support for the widespread use of the COSM SDK.	Q1 2023	$204,000
11	Release beta version of COSM Software Development Kit (SDK)	Q1 2023	$82,400
Estimated total operating costs necessary to achieve business objectives			**$2,800,000**

The speed and extent of the spread of COVID, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain. Such adverse effects related to COVID crises may be material to the Company and could have a negative impact on the Company's business, financial condition and results of operations. It is not presently possible to predict the extent or durations of any such adverse effects. Such adverse effects could be rapid, unexpected and may severely impact the Company's ability to carry out its objectives as outlined herein. The COVID pandemic has not had a negative impact on the Company's business or operations, and the Company does not currently anticipate that the COVID pandemic will have an impact on the Company's business or operations.

See "*Risk Factors*".

Negative Cash Flow from Operating Activities

Since its inception, the Company has generated negative operating cash flows and there are no assurances that the Company will not experience negative cash flow from operations in the future. The Company has to this date funded its operations with proceeds from equity financings and expects to raise additional funds through equity financings.

See "*Risk Factors*".

DIVIDENDS AND DISTRIBUTIONS

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Subordinate Voting Shares and Proportionate Voting Shares, and does not currently have a policy with respect to the payment of dividends or other distributions. The Company does not currently pay dividends and does not intend to pay dividends in the foreseeable future. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on numerous factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and its subsidiaries, as applicable and such other factors as its directors consider appropriate. There can be no assurance that the Company will pay dividends under any circumstances. See "*Risk Factors – Risks Related to the Company's Securities – Dividends*".

FINANCIAL STATEMENT DISCLOSURE

The audited consolidated financial statements of the Company for the period from November 19, 2020 (date of incorporation) to March 31, 2021 are included as Schedule "A" to this Prospectus. The unaudited interim financial statements of the Company for the nine months ended December 31, 2021 are included as Schedule "C" of this Prospectus.

The audited consolidated financial statements of the VERSES Business, or of VTU, for the years ended March 31, 2021, 2020 and 2019 are included as Schedule "E" to this Prospectus. The unaudited consolidated interim financial statements of the VERSES Business, or of VTU, for the three months ended June 30, 2021 and 2020 are included as Schedule "G" to this Prospectus.

The audited financial statements of Former Holdco for the period from November 9, 2020 (date of incorporation) to March 31, 2021 are included as Schedule "I" to this Prospectus.

The pro forma consolidated financial statements of the Company as at March 31, 2021 and June 30, 2021, after taking into effect the Amalgamation, the acquisition of the VERSES Business by the Company and the VTU Contribution, as if such events had occurred as of November 19, 2020, are included as Schedule "K" to this Prospectus.

The following tables set out certain selected financial information of the Company for the periods and as at the dates indicated. This information has been derived from the Financial Statements and related notes thereto included in this Prospectus. The Company prepares its financial statements in accordance with IFRS. Investors should read the following information in conjunction with those financial statements and related notes thereto, along with the related management discussion & analysis.

	The Company	**VERSES Business**		**Pro Forma Consolidated**
	From November 19, 2020 to March 31, 2021 (audited) (US$)	**For the year ended March 31, 2021 (audited) (US$)**	**For the year ended March 31, 2020 (audited) (US$)**	**From November 19, 2020 to March 31, 2021 (unaudited) (US$)**
Total revenue	Nil	97,200	125,000	97,200
Cost of sales	Nil	663,466	377,119	663,466
Expenses	72,802	1,873,059	1,290,807	2,465,255
Net loss and comprehensive loss for the period	73,671	2,528,154	1,826,314	3,124,121
Loss per share, basic and diluted	0.01	0.25	0.18	0.16
Current assets	116,956	909,247	250,768	2,828,290
Total assets	116,956	909,247	250,768	2,828,290
Current liabilities	34,688	6,497,811	3,546,083	6,544,187

Total liabilities	34,688	7,045,690	3,858,696	7,092,066
Total shareholders' equity (deficiency)	82,268	(6,136,443)	(3,608,289)	(4,263,776)

	The Company (consolidated)	**VERSES Business**
	For the nine months ended December 31, 2021 (unaudited)	**For the three months ended June 30, 2021 (unaudited)**
	(US$)	**(US$)**
Total revenue	2,754,510	359,417
Cost of Sales	1,744,371	305,268
Expenses	2,775,119	746,143
Net loss and comprehensive loss for the period	3,679,791	203,003
Loss per share, basic and diluted	0.20	0.02
Current assets	11,156,347	921,048
Total assets	11,246,275	921,048
Current liabilities	1,780,888	6,468,527
Total liabilities	1,929,364	6,980,494
Total shareholders' equity (deficiency)	9,316,911	(6,059,446)

See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's management's discussion and analysis for the period from November 19, 2020 (date of incorporation) to March 31, 2021 and for the nine months ended December 31, 2021 are included as Schedules "B" and "D" of this Prospectus, respectively.

The management's discussion and analysis for the VERSES Business, or for VTU, for the years ended March 31, 2021, 2020 and 2019 and the three months ended June 30, 2021 are included as Schedules "F" and "H" of this Prospectus, respectively.

The management's discussion and analysis for Former Holdco for the period from November 9, 2020 (date of incorporation) to March 31, 2021 are included as Schedule "J" to this Prospectus.

Certain information included in abovementioned management's discussion and MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Statement Regarding Forward-Looking Information*".

DESCRIPTION OF SECURITIES

The Company's authorized common share capital consists of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares without par value. As at the date of this Prospectus, there were 40,382,512 Subordinate Voting Shares issued and outstanding and 10,000,000 Proportionate Voting Shares outstanding.

Prior to July 20, 2021, the Company's authorized common share capital consisted of Common Shares without par value. The Company completed the Share Alteration in connection with the VTU Contribution on July 20, 2021 whereby the Company amended its Articles and Notice of Articles to authorize the issuance of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares. Pursuant to the Share Alteration, the Company's previously existing issued and outstanding Common Shares were reclassified as Subordinate Voting Shares.

Subordinate Voting Shares

Except as disclosed directly below, the Subordinate Voting Shares do not have any additional pre-emptive rights, conversion rights or exchange rights and are not further subject to redemption, retraction purchase for cancellation or surrender provisions. There are no additional sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no additional provisions which are capable of requiring a security holder to contribute additional capital.

Voting

Subordinate Voting Shareholders shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend the Articles of the Company if the result of such alteration or amendment would: (a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or (b) affect the rights or special rights of the Subordinate Voting Shareholders or Proportionate Voting Shareholders on a per share basis as provided for by the Company's Articles.

Dividends

The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the Board from time to time. The Board may declare no dividend payable in cash or property on the Subordinate Voting Shares unless the Board simultaneously declares a dividend payable in cash or property on the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 6.25.

The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the Board simultaneously declares a stock dividend payable in: (a) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share; or (b) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 6.25.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Proportionate Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Proportionate Voting Share divided by 6.25.

Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Conversion of the Shares Upon An Offer

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 1/6.25 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder thereof into Proportionate Voting Shares on the basis of 6.25 Subordinate Voting Shares for one (1) Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Share Conversion Right**"). For the avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Share Conversion Right is exercised which is less than 6.25.

Proportionate Voting Shares

Except as disclosed directly below, the Proportionate Voting Shares do not have any additional pre-emptive rights, conversion rights or exchange rights and are not further subject to redemption, retraction purchase for cancellation or surrender provisions. There are no additional sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no additional provisions which are capable of requiring a security holder to contribute additional capital.

Voting

The holders of Proportionate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to provisions relating to the alteration to rights of Proportionate Voting Shares and to the creation of shares superior to Proportionate Voting Shares, each Proportionate Voting Share shall entitle the holder to 6.25 votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 6.25 and rounding the product down to the nearest whole number, at each such meeting.

Alteration to Rights of Proportionate Voting Shares

So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares expressed by separate special resolution alter or amend the Articles of the Company if the result of such alteration or amendment would: (a) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or (b) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Proportionate Voting Shares called to consider such a separate special resolution, each Proportionate Voting Share shall entitle the holder to one (1) vote and each fraction of a Proportionate Voting Share will entitle the holder to the corresponding fraction of one (1) vote.

Shares Superior to Proportionate Voting Shares

The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Proportionate Voting Shares without the consent of the holders of a majority of the Proportionate Voting Shares expressed by separate ordinary resolution.

At any meeting of holders of Proportionate Voting Shares called to consider such a separate ordinary resolution, each Proportionate Voting Share will entitle the holder to one (1) vote and each fraction of a Proportionate Voting Share shall entitle the holder to the corresponding fraction of one (1) vote.

Dividends

The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the Board from time to time. The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the Board simultaneously declares a dividend payable in cash or property on the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 6.25.

The directors may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the Board simultaneously declares a stock dividend payable in Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by 6.25.

The directors may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the Board simultaneously declares a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the amount of the dividend declared per Proportionate Voting Share divided by 6.25.

Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 6.25.

Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

Voluntary Conversion

Subject to the conversion limitation set out below, holders of Proportionate Voting Shares shall have the following rights of conversion (the "**Proportionate Share Conversion Right**"):

(a) *Right to Convert Proportionate Voting Shares.* Each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Proportionate Share Conversion Right is exercised by 6.25. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 6.25.

(b) *Foreign Private Issuer Status*. The Company shall use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Accordingly, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares pursuant to its Articles or otherwise, and the Proportionate Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the basis that each Subordinate Voting Share and Proportionate Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**") would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**"). The Board may by resolution waive this restriction for any individual transaction or increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the Board in such resolution.

(c) *Conversion Limitation.* In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares upon exercise by such holder of the Proportionate Share Conversion Right will be subject to the 40% Threshold based on the number of Proportionate Voting Shares held by such holder as of the date of issuance of Proportionate Voting Shares to such holder, and thereafter at the end of each of the Company's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

X = [A x 40% - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Proportionate Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares and Proportionate Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by U.S. Residents.

C = Aggregate Number of Proportionate Voting Shares held by such holder.

D = Aggregate Number of all Proportionate Voting Shares.

An officer designated by the Board (or a committee thereof) shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Proportionate Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares, the Company will provide each holder of Proportionate Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Proportionate Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Proportionate Voting Shares exercising the Proportionate Share Conversion Right.

Notwithstanding the provisions set out above, the Board may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Proportionate Share

Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share and loan capital since December 31, 2021, the date of its most recently completed financial period for which financial statements are included in this Prospectus.

The following table sets forth the consolidated share capitalization of the Company as at December 31, 2021 and as of the date of this Prospectus. Investors should read the following information in conjunction with the Company's financial statements and related notes thereto, along with the associated management's discussion and analysis, included in this Prospectus.

Designation	Amount Authorized	Amount Outstanding as of December 31, 2021	Amount Outstanding as of the Date of this Prospectus
Subordinate Voting Shares	Unlimited	19,379,435	40,382,512(1)
Proportionate Voting Shares	Unlimited	10,000,000	10,000,000
Warrants	N/A	Nil	12,730,331(1)(2)(3)
Finder Warrants	N/A	Nil	1,601,000(4)
Options	10,095,628(5)	Nil	4,050,000(6)
RSUs	10,095,628(5)	Nil	500,000(7)

Notes:

(1) 13,183,263 Unit Shares and 6,591,631 Unit Warrants were issued on February 22, 2022 and 7,819,814 Unit Shares and 3,909,906 Unit Warrants were issued on March 3, 2022 pursuant to the automatic exercise of Special Warrants See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(2) 1,250,000 warrants were issued pursuant to the Amalgamation to a service provider of Former Holdco. Each warrant entitles the holder thereof to acquire one Subordinate Voting Share for a price of C$0.40 per Subordinate Voting Share until April 15, 2026.

(3) 978,794 warrants were issued to certain consultants of the Company, each warrant entitling the holder thereof to acquire one Subordinate Voting Share for a price of C$0.80 per Subordinate Voting Share until June 13, 2024.

(4) Issued under the Special Warrant Financing. See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(5) Pursuant to the Omnibus Plan, the aggregate number of Subordinate Voting Shares reserved for issuance under the Omnibus Plan shall not exceed 25% of the Company's total issued and outstanding Subordinate Voting Shares from time to time.

(6) Options granted to certain directors and consultants of the Company. See *"Options to Purchase Securities"*.

(7) RSUs awarded to a director of the Company. See *"Options to Purchase Securities"*.

OPTIONS TO PURCHASE SECURITIES

Omnibus Plan

As of the date hereof, there are 4,050,000 Options and 500,000 RSUs issued and outstanding. There are no other equity securities that will become options to acquire Subordinate Voting Shares or Proportionate Voting Shares, whether under any equity compensation plan or otherwise. The Company has established the Omnibus Plan providing for the grant of Options, RSUs, PSUs, and DSUs. The purpose of the Omnibus Plan is to provide the Company with a share related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, to reward such persons for their contributions toward the long-term goals and success of the Company and to enable and encourage such persons to acquire Subordinate Voting Shares as long-term investments and proprietary interests in the Company.

A subsidiary of the Company may also adopt an incentive stock option plan to provide for the issuance of equity-based incentive awards (a "**Subsidiary Plan**"); provided however, that any Subsidiary Plan will be subject to the terms and conditions of the Omnibus Plan, as they relate to the Subsidiary Plan.

The Board adopted the Omnibus Plan on June 9, 2022 and the Company obtained Shareholder approval of the Omnibus Plan on June 15, 2022.

The material features of the Omnibus Plan are summarized below, which summary is qualified in its entirety by the full text of the Omnibus Plan. Any capitalized terms used in the following summary, but not otherwise defined, shall have the meanings ascribed thereto in the Omnibus Plan. Upon Listing, a complete copy of the Omnibus Plan may be obtained without charge upon request from the Company's registered and records office located at Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5.

Key Terms	Summary
Key Definitions	"**Code**" the United States Internal Revenue Code of 1986 as amended. "**Date of Grant**" means, for any Award, the date specified by the Plan Administrator at the time it grants the Award or if no such date is specified, the date upon which the Award was granted. **"Participant**" means a person to whom an Award has been granted under this Plan or a Subsidiary Plan, as applicable. "**Market Price**" means, on any particular date, (a) the closing price of the Subordinate Voting Shares on the NEO on the last Trading Day prior to such particular date; or (b) if the Subordinate Shares are not then listed on the NEO, the value as is determined solely by the Board, acting reasonably and in good faith, and, with respect to an Award made to a U.S. Taxpayer, in accordance with Section 409A of the Code and such determination shall be conclusive and binding on all Persons. "**Market Value**" means, on any particular date, the product obtained by multiplying the Market Price by the total issued and outstanding Subordinate Voting Shares, expressed in dollars. "**MVA Amount**" means, with respect to a subsidiary of the Company on any particular date, the product obtained by multiplying such subsidiary's MVA Ratio by the Market

	Value on such particular date. "**MVA Ratio**" means the ratio for allocating Market Value to each subsidiary of the Corporation, calculated in accordance with Omnibus Plan. "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended. "**U.S. Taxpayer**" shall mean a Participant who, with respect to an Award, is subject to taxation under the applicable U.S. tax laws
Administration	The Omnibus Plan will be administered, in its exclusive discretion, by the Plan Administrator, who will initially be the Board. To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board, all or any of the powers conferred on the Plan Administrator under the Omnibus Plan. Awards granted under the Omnibus Plan are subject to any listing, registration or qualification requirements under Securities Laws, and any required consent or approval of the NEO or any securities commissions or similar securities regulatory bodies having jurisdiction over the Company. Additionally, all Awards shall be issued pursuant to the registration requirements of the U.S. Securities Act, or pursuant to an exemption or exclusion from such registration requirements.
Eligibility	All Directors, Employees or Consultants of the Company or a subsidiary of the Company ("**Eligible Persons**") are eligible to participate in the Omnibus Plan, subject to certain exceptions set out in the Omnibus Plan (i.e. termination, death, disability, retirement, etc). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Eligible Person any right to receive any grant of an Award pursuant to the Omnibus Plan.
Award Agreements	Each Award granted under the Omnibus Plan will be evidenced by a written agreement, in a form approved by the Plan Administrator.
Market Value Allocation	No later than 30 days after the Company files Annual Audited Financial Statements with respect to the most recent Fiscal Year, the Plan Administrator shall determine the Market Value allocation ratio (the "**MVA Ratio**") with respect to each subsidiary of the Company using the formula set out below: $\textbf{MVA Ratio of a subsidiary} = \frac{\text{DCF of subsidiary}}{\text{DCF of all subsidiaries}}$ where "**DCF**" means discounted cash flow.
Subsidiary Plan Requirements	Any Subsidiary Plan adopted by a subsidiary of the Company shall include the following terms and conditions: (i) The aggregate number of Subsidiary Shares reserved for issuance under a Subsidiary Plan shall not exceed 20% of the subsidiary's total issued and outstanding Subsidiary Shares. (ii) Subsidiary Shares covered by Subsidiary Options which have been settled, exercised or terminated shall be available again for subsequent grants. (iii) The exercise price with respect to a Subsidiary Option shall be established at the

	time each Subsidiary Option is granted, and shall not be less than the price per Subsidiary Share calculated by dividing, at the time of grant, the MVA Amount by the subsidiary's total issued and outstanding Subsidiary Shares.
Reserve	Subject to adjustment as provided in the Omnibus Plan, and any subsequent amendment to the Omnibus Plan, the aggregate number of Subordinate Voting Shares reserved for issuance under the Omnibus Plan shall not exceed 25% of the Company's total issued and outstanding Subordinate Voting Shares from time to time. Subordinate Voting Shares covered by Awards which have been settled, exercised, expired or terminated shall again be available for subsequent grants under the Omnibus Plan, and the number of Awards available to grant increases as the number of issued and outstanding Subordinate Voting Shares increases.
Limits	The aggregate number of Subordinate Voting Shares: (i) issuable to Insiders at any time, under all of the Company's Security- Based Compensation Arrangements, shall not exceed 20% of the Company's issued and outstanding Subordinate Voting Shares; and (ii) issued to Insiders within any one (1) year period, under all of the Company's Security Based Compensation Arrangements, shall not exceed 20% of the Company's issued and outstanding Subordinate Voting Shares.
Awards	The following are the Awards available for issuance under the Omnibus Plan. **Options**. Each Option entitles the holder thereof to purchase one Subordinate Voting Share at an exercise price determined by the Board. **RSUs**. Each RSU is a unit equivalent in value to a Subordinate Voting Share, credited by means of a bookkeeping entry in the books of the Company in accordance with Article 5 of the Omnibus Plan. Upon the settlement, each RSU will consist of a right to receive a Subordinate Voting Share, cash payment, or a combination thereof. **PSUs**. Each PSU is a unit equivalent in value to a Subordinate Voting Share, credited by means of a bookkeeping entry in the books of the Company in accordance with Article 6 of the Omnibus Plan. Each PSU will consist of a right to receive a Subordinate Voting Share, cash payment, or a combination thereof upon the achievement of certain Performance Goals during such performance periods as the Plan Administrator shall establish. **DSUs**. Each DSU is a unit equivalent in value to a Subordinate Voting Share, credited by means of a bookkeeping entry in the books of the Company in accordance with Article 7 of the Omnibus Plan. Upon settlement, each DSU will consist of a right to receive one Subordinate Voting Share or a cash payment.
Grant and Market Value	**Options.** The Plan Administrator will establish the Exercise Price at the time each Option is granted, at the sole discretion of the Plan Administrator, subject to applicable securities laws and Exchange rules and provided that the Exercise Price must not be less than the Market Price at the time of granting the Option. **RSUs.** The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant in respect of a bonus or similar payment in

	respect of services rendered by the applicable Participant in a taxation year (the "**RSU Service Year**"). The number of RSUs granted at any particular time will be calculated by dividing (i) the amount of any bonus or similar payment that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the Market Price on the Date of Grant. **PSUs.** The Plan Administrator may grant PSUs to any Participant in respect of a bonus or similar payment in respect of services rendered by the applicable Participant in a taxation year (the "**PSU Service Year**"). The Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the effect of termination of a Participant's service and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU. **DSUs.** The Board may fix, from time to time, a portion of the Director Fees that is to be payable to Directors in the form of DSUs. Additionally, each Director has the right to elect to participate in the grant of additional DSUs in an amount, as elected by the Director, between 0% and 100% of any Director Fees that would otherwise be paid in cash, which election will be deemed to apply to all periods in calendar years following the calendar year for which it is made until it is terminated under section 7.1(d) of the Omnibus Plan. The number of DSUs granted at any particular time will be calculated by dividing (i) the amount of Director Fees that are to be paid as DSUs, as determined by the Plan Administrator or Director Fees that are to be paid in DSUs (including any Elected Amount), by (ii) the Market Price on the Date of Grant.
Vesting	**Options.** Vesting is determined by the Plan Administrator. **RSUs.** Vesting is determined by the Plan Administrator. **PSUs.** Vesting is determined by the Plan Administrator. **DSUs.** Subject to the Award Agreement and except as otherwise determined by the Plan Administrator, DSUs shall vest immediately upon grant.
Expiry and Settlement Date	**Options.** The expiry date of each Option will be determined by the Plan Administrator, (subject to any accelerated termination) but cannot be later than 10 years from the Date of Grant and, if not specified, is 10 years from the Date of Grant. **RSUs.** The settlement date of each RSU will be determined by the Plan Administrator, provided that no settlement date for any RSU shall occur, and no Subordinate Voting Share shall be issued or cash payment shall be made in respect of any RSU, any later than the final Business Day of the 3rd calendar year following the applicable RSU Service Year. **PSUs.** The settlement date of each PSU will be determined by the Plan Administrator, provided that no settlement date for any PSU shall occur, and no Subordinate Voting Share shall be issued or cash payment shall be made in respect of any PSU, any later than the final Business Day of the 3rd calendar year following the applicable PSU Service Year. **DSUs.** The settlement date will be determined by the Plan Administrator, and if not established, for a Participant who is not a U.S. Taxpayer the settlement date shall be the date determined by the Participant (which date shall not be earlier than the Termination Date), and for a Participant who is a U.S. taxpayer, the settlement date shall be the date determined by the Participant in accordance with the Election Notice.

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Options. At the election of the Plan Administrator, each vested Option can be settled in:
(i) one Subordinate Voting Share,
(ii) a cash payment equal to the In the Money Amount, or
(iii) a combination of Subordinate Voting Shares and cash.
If permitted by the Plan Administrator, a Participant may, in lieu of exercising an Option, elect to surrender such Option to the Company in consideration for an amount from the Company equal to: (x) the Market Price of the Subordinate Voting Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (y) the aggregate Exercise Price of the Option (or portion thereof) surrendered relating to such Subordinate Voting Shares.
RSUs. Upon settlement, each vested RSU shall be redeemed at the election of the Participant but subject to the approval of the Plan Administrator, for:
(i) one Subordinate Voting Share,
(ii) a cash payment, or,
(iii) a combination of Subordinate Voting Shares and cash.
Any cash payments made shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date.
PSUs. Upon settlement, each vested PSU shall be redeemed at the election of the Participant but subject to the approval of the Plan Administrator, for:
(i) one Subordinate Voting Share;
(ii) a cash payment, or
(iii) a combination of Subordinate Voting Shares and cash.
Any cash payments made shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date.
DSUs. Upon settlement, subject to the approval of the Plan Administrator, each vested DSU shall be redeemed for:
(i) one Subordinate Voting Share; or
(ii) a cash payment.
Any cash payments made shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date.
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Dividend Equivalents	Unless determined by the Plan Administrator, an Award of RSUs, PSUs and DSUs include the right for such RSUs, PSUs and DSUs to be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, respectively, as of each dividend payment date in respect of which normal cash dividends are paid on Subordinate Voting Shares. Dividend equivalents shall be computed by dividing: (i) the amount obtained by multiplying the amount of the dividend declared and paid per Subordinate Voting Share by the number of RSUs, PSUs and DSUs, as applicable, held, by (ii) the Market Price at the close of the first Business Day immediately following the dividend record date.
Restricted Period	With respect to U.S. Taxpayers, except if such extension is prohibited by Section 409A of the Code, in the event that an Award expires, at a time when a scheduled restricted period is in place or an undisclosed material change or material fact in the affairs of the Company exists, the expiry of such Award will be the date that is 10 Business Days after which such scheduled restricted period terminates or there is no longer such undisclosed material change or material fact.
Non-Transferability	Except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect. To the extent that certain rights to exercise any portion of an outstanding Award pass to a beneficiary or legal representative upon death of a Participant, the period in which such Award can be exercised by such beneficiary or legal representative shall not exceed one year from the Participant's death
Termination or Cessation	**Voluntary Resignation or Termination for Cause.** Any Award that has not been exercised, surrendered or settled as of the Termination Date shall be immediately cancelled as of the Termination Date; **Termination Without Cause.** Any vested Options may be exercised by the Participant at any time during the period that terminates on the earlier of: (i) the Expiry Date of such Option; and (ii) the date that is 90 days after the Termination Date. Otherwise, the Option shall be immediately cancelled for no consideration upon the termination of such period. **Disabled.** Any vested Options may be exercised by the Participant at any time during the period that terminates on the earlier of: (i) the Expiry Date of such Option; and (ii) the date that is 180 days after the Termination Date. Otherwise, the Option shall be immediately cancelled for no consideration upon the

	termination of such period. **Death.** Any vested Options may be exercised by the Participant's beneficiary or legal representative at any time during the period that terminates on the earlier of: (i) the Expiry Date of such Option; and (ii) the first anniversary of the date of the death of such Participant. Otherwise, the Option shall be immediately cancelled for no consideration upon the termination of such period. **Retirement.** Subject to certain limitations, any vested Option may be exercised by the Participant at any time during the period that terminates on the earlier of: (i) the Expiry Date of such Option; and (ii) the 3rd anniversary of the Participant's date of Retirement. Otherwise, the Option shall be immediately cancelled for no consideration upon the termination of such period. The foregoing is subject to any acceleration of vesting or waiver of termination made by the Plan Administrator.
Change of Control	Subject to the terms of the Omnibus Plan, the Plan Administrator may, without Participant consent, take such steps as it deems necessary or desirable, including to cause: (i) the conversion or exchange of any outstanding Awards into rights or other securities of substantially equivalent value, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest, or restrictions applicable to an Award to lapse, prior to or upon consummation of a Change in Control, and terminate upon or immediately prior to the effectiveness of such Change in Control; (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award; (iv) the replacement of an Award with other rights or property, where such replacement would not adversely affect the holder; or (v) any combination of the foregoing.
U.S. Taxpayer Restrictions	Any Awards granted to a U.S. Taxpayer must comply with Section 409A of the Code and all regulations, guidance, compliance programs, and other interpretive authority issued thereunder, to the extent it is applicable. Options granted under the Omnibus Plan to U.S. Taxpayers may be non-qualified stock options or incentive stock options qualifying under Section 422 of the Code ("**ISO**s").

	The aggregate number of Subordinate Voting Shares reserved for issuance in respect of granted ISOs shall not exceed 10,000,000, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code. At the discretion of the Plan Administrator, ISOs may only be granted to an individual who is an employee of the Company, or of a "parent corporation" or "subsidiary corporation" of the Company, as such terms are defined in Sections 424(e) and (f) of the Code. if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Company or of a "parent corporation" or "subsidiary corporation", as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Subordinate Voting Shares subject to the Option. To the extent the aggregate Market Price as at the Date of Grant of the Subordinate Voting Shares for which ISOs are exercisable for the first time by any person during any calendar year (under all plans of the Company and any "parent corporation" or "subsidiary corporation", as such terms are defined in Section 424(e) and (f) of the Code) exceeds US$100,000, such excess ISOs shall be treated as non-qualified stock options.
Amendments	In addition to certain express permitted amendments, as set out in the Omnibus Plan, the Plan Administrator may from time to time, without notice and without shareholder consent, subject to applicable Securities Laws and policies of the NEO, amend, modify, change, suspend or terminate the Omnibus Plan or any Awards granted pursuant to the Omnibus Plan as it, in its discretion determines appropriate, provided, however, that: (i) no such amendment, modification, change, suspension or termination of the Omnibus Plan or any Awards may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Omnibus Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or NEO requirements; and (ii) any amendment that would cause an Award held by a U.S. Taxpayer to be subject to income inclusion under Section 409A of the Code shall be null and void ab initio with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

Options and RSUs

As of the date of this Prospectus, there were 4,050,000 Options issued and outstanding, each Option entitling the holder to acquire one Subordinate Voting Share at an exercise price of $0.80 until June 16, 2027

As of the date of this Prospectus, there were 500,000 RSUs issued and outstanding, which one-third will vest on the first, second and third anniversaries of the Listing Date.

Except as disclosed directly above and elsewhere in this prospectus, there are no other equity securities that are or that will become options to acquire Subordinate Voting Shares or Proportionate Voting Shares, whether under any equity compensation plan or otherwise.

The following table summarizes the allocation of the issued and outstanding Options of the Company held by the following groups up to the date of this Prospectus.

Holder of Options	Number of Options Held	Exercise Price (C$)	Issue Date	Expiry Date
Directors of the Company, as a group(1)	2,500,000(2)	0.80	June 16, 2022	June 16, 2027
Consultants of the Company, as a group	1,550,000(3)	0.80	June 16, 2022	June 16, 2027

Notes:

(1) Information applies to three directors of the Company.
(2) 25% of the Options vest on the Listing Date with 25% vesting every six (6) months thereafter.
(3) Fully vested.

The following table summarizes the allocation of the issued and outstanding RSUs of the Company held by the following groups up to the date of this Prospectus.

Holder of RSUs	Number of RSUs Held	Issue Date	Final Vesting Date
Directors of the Company, as a group(1)	500,000(2)	June 16, 2022	Third Anniversary of Listing Date

Notes:

(1) Information applies to one director of the Company.
(2) One-third of the RSUs vest on the first, second and third anniversary of the Listing Date.

PRIOR SALES

The following table summarizes the issuances of Subordinate Voting Shares and Proportionate Voting Shares and securities that are convertible or exchangeable into Subordinate Voting Shares and Proportionate Voting Shares in the 12 months prior to the date of this Prospectus:

Date of Issue	Number and Type of Securities	Issue or Exercise Price per Security
July 20, 2021	4,945,105 Subordinate Voting Shares(1)	US$0.46(2)
July 20, 2021	10,000,000 Proportionate Voting Shares(1)	US$2.88(2)
October 21, 2021	13,183,263 Special Warrants(3)(4)	C$0.80
October 21, 2021	810,541 Finder Warrants(3)	C$1.20
November 2, 2021	7,819,814 Special Warrants(3)(5)	C$0.80

November 2, 2021	790,459 Finder Warrants(3)	C$1.20
February 22, 2022	13,183,263 Unit Shares(6)	C$0.80
February 22, 2022	6,591,631 Unit Warrants(6)	C$1.20
March 3, 2022	7,819,814 Unit Shares(6)	C$0.80
March 3, 2022	3,909,906 Unit Warrants(6)	C$1.20
June 13, 2022	978,794 Warrants(7)	C$0.80
June 16, 2022	4,050,000 Options(8)	C$0.80
June 16, 2022	500,000 RSUs(9)	N/A

Notes:

(1) Issued in connection with the VTU Contribution. See "*Description of the Business – History – Development of the Company following Incorporation – VTU Contribution*".

(2) Represents the deemed issue price per share determined at the time of the VTU Contribution. This issue price does not represent the consideration paid for the original issuance of VTU Class A Shares and VTU Class B Shares from treasury nor does the issue price represent any capital raised by the Company on or prior to July 20, 2021. In particular, the 10,000,000 Proportionate Voting Shares issued on July 20, 2021 were issued in exchange for VTU Class B Shares originally issued for nominal consideration.

(3) Issued in connection with the Special Warrant Financing. See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(4) 610,533 Special Warrants were issued to certain arm's length finders. See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(5) 392,544 Special Warrants were issued to certain arm's length finders. See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(6) Issued in connection with the deemed exercise of Special Warrants. See *"Description of the Business – History – Development of the Company following Incorporation – Financings and Share Issuances".*

(7) Issued to certain consultants of the Company, each warrant entitling the holder thereof to acquire one Subordinate Voting Share for a price of C$0.80 per Subordinate Voting Share until June 13, 2024.

(8) Options granted to certain directors and consultants of the Company. See *"Options to Purchase Securities"*.

(9) RSUs awarded to a director of the Company. See *"Options to Purchase Securities"*.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrowed Securities

As of the date of this Prospectus, except as described below, no securities of the Company are held, to the knowledge of the Company, in escrow or are subject to a contractual restriction on transfer.

Pursuant to NP 46-201, the following securities held by principals of the Company will be held in escrow on Listing, as follows:

Name of Shareholder	Type of Securities Held in Escrow	Number
Gabriel René	Proportionate Voting Shares	5,000,000(1)(2)
	Subordinate Voting Shares	1(1)

Dan Mapes	Proportionate Voting Shares	5,000,000(1)(2)
	Subordinate Voting Shares	1(1)
G. Scott Paterson	Subordinate Voting Shares	375,000(1)
	Unit Warrants	62,500(3)
	Options	500,000(4)
	RSUs	500,000(5)
Jonathan De Vos	Subordinate Voting Shares	105,600(1)
	Unit Warrants	35,000(3)
	Options	1,000,000(4)
Jay Samit	Options	1,000,000(4)

Notes:

(1) These shares are subject to the Escrow Agreement, as described in further detail below.

(2) Pursuant to the Proportionate Share Conversion Right, each Proportionate Voting Share is convertible, at the option of the holder, into 6.25 Subordinate Voting Shares, subject to the FPI Restriction. In the case that the Proportionate Share Right is validly exercised for all Proportionate Voting Shares held, Mr. René and Mr. Mapes would each receive 31,250,000 Subordinate Voting Shares for the conversion of such shares. See "*Description of Securities – Proportionate Voting Shares*".

(3) Each Unit Warrant is exercisable to acquire one Unit Warrant Share at an exercise price of C$1.20 per Unit Warrant Share until February 22, 2024

(4) 25% of the Options vest on the Listing Date with 25% vesting every six (6) months thereafter. Each Option is exercisable into a Subordinate Voting Share at an exercise price of C$0.80 per share.

(5) One-third of the RSUs vest on the first, second and third anniversary of the Listing Date.

Pursuant to Company's listing on the NEO, the following Subordinate Voting Shares held by non-principals of the Company will be held in escrow on Listing as such securities were originally issued from treasury at issue prices of $0.05 and lower.

Name of Shareholder	Type of Securities Held in Escrow	Number
Taylor MacDonald	Subordinate Voting Shares	2,000,001(1)
Robert Shewchuk	Subordinate Voting Shares	2,000,001(1)
Bryan Henry	Subordinate Voting Shares	600,000(1)
Leighton Bocking	Subordinate Voting Shares	1,200,000(1)(2)
Tarik Elsaghir	Subordinate Voting Shares	100,000(1)(3)

Notes:

(1) These shares are subject to the Escrow Agreement, as described in further detail below.
(2) 600,000 Subordinate Voting Shares are held by Mode Investments Corp., a company controlled by Mr. Bocking.
(3) These shares are held by Cedarpoint Capital Inc., a company controlled by Mr. Elsaghir.

On or before the Listing Date, the Escrowed Securityholders will enter into the Escrow Agreement with the Escrow Agent, pursuant to which the Escrowed Securityholders will collectively deposit 6,380,604 Subordinate Voting Shares, 97,500 Unit Warrants, 2,500,000 Options, 500,000 RSUs and 10,000,000 Proportionate Voting Shares (the "**Escrowed Securities**") with the Escrow Agent. The Company is an "established issuer" for the purposes of NP 46-201. Accordingly, the Escrowed Securities will be released from escrow in accordance with the following schedule:

Release Date	Portion of Escrowed Securities Released
The date the Company's securities are listed on a Canadian exchange (the "**Listing Date**")	25% of the Escrowed Securities
6 months after the Listing Date	25% of the Escrowed Securities
12 months after the Listing Date	25% of the Escrowed Securities
18 months after the Listing Date	25% of the Escrowed Securities

PRINCIPAL SECURITYHOLDERS

To the Company's knowledge, no person or company beneficially owns, or controls or directs, directly or indirectly, Subordinate Voting Shares carrying 10% or more of the voting rights attaching to all issued and outstanding Subordinate Voting Shares.

The following table sets forth information regarding ownership of the Proportionate Voting Shares as at the date of this Prospectus by each person or company who, to the Company's knowledge, beneficially owns, or controls or directs, directly or indirectly, Proportionate Voting Shares carrying 10% or more of the voting rights attaching to all issued and outstanding Proportionate Voting Shares.

Name	Number and type of securities	Type of Ownership	Percentage of Class(1)
Gabriel René	5,000,000 Proportionate Voting Shares(2)(3)	Registered Holder	50.0%(4)
Dan Mapes	5,000,000 Proportionate Voting Shares(2)(3)	Registered Holder	50.0%(4)

Notes:

(1) Based on 10,000,000 issued and outstanding Proportionate Voting Shares as at the date of this Prospectus.
(2) Issued pursuant to the VTU Contribution. See *"Description of the Business – History – Development of the Company following Incorporation – VTU Contribution".*

(3) Pursuant to the Proportionate Share Conversion Right, each Proportionate Voting Share is convertible, at the option of the holder, into 6.25 Subordinate Voting Shares, subject to the FPI Restriction. In the case that the Proportionate Share Right is validly exercised for all Proportionate Voting Shares held, Mr. René and Mr. Mapes would each receive 31,250,000 Subordinate Voting Shares for the conversion of such shares. See "*Description of Securities – Proportionate Voting Shares*".
(4) In the case that the Proportionate Share Right is validly exercised for all Proportionate Voting Shares held by Mr. René and Mr. Mapes, Mr. René and Mr. Mapes would each hold 30.37% of the issued and outstanding Subordinate Voting Shares as at the date of this Prospectus (60.75% in the aggregate). See "*Description of Securities – Proportionate Voting Shares*".

DIRECTORS AND EXECUTIVE OFFICERS

Director and Executive Officer Profiles

The following table sets forth the name of each director and executive officer of the Company as at the date of this Prospectus, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, the date they became a director of the Company, if applicable, and the number and percentage of Subordinate Voting Shares and Proportionate Voting Shares they beneficially own, or control or direct, directly or indirectly. Each director's term will expire immediately prior to the next annual meeting of shareholders of the Company.

Name and Residence	Position(s) and Office(s) with VERSES	Principal Occupation(s) During Past Five Years (8)	Position Held Since(1)	Number and Percentage of Shares Held(2)
Gabriel René *California, USA*	Chief Executive Officer and Director	CEO of VERSES since September 2018. Self-Employed Business Consultant from December 2016 – September 2018.	Director since July 19, 2021. Chief Executive Officer since September 27, 2021	5,000,000 Proportionate Voting Shares (50%)(3)(4) 1 Subordinate Voting Share (0.0%)
Dan Mapes *California, USA*	President and Director	President of VERSES since September 2019.	Director since July 19, 2021. President since September 27, 2021	5,000,000 Proportionate Voting Shares (50%)(3)(4) 1 Subordinate Voting Share (0.0%)
Kevin Wilson *California, USA*	Chief Financial Officer and Secretary	CFO and Secretary of VERSES since January 2022. Self-employed as a fractionalized CFO for various companies from November 2015-December 2021.	Since September 27, 2021	Nil
G. Scott Paterson(5)(6)(7)	Director	President of Patstar Inc. since July 1988.	Since June 15, 2022	375,000 Subordinate Voting Shares (0.93%)

Name and Residence	Position(s) and Office(s) with VERSES	Principal Occupation(s) During Past Five Years (8)	Position Held Since(1)	Number and Percentage of Shares Held(2)
Ontario, Canada				
Jay Samit(5)(6)(7) *California, USA*	Director	Retired since October 2018. Independent Vice Chairman of Deloitte Digital from November 2016 to October 2018.	Since June 15, 2022	Nil
Jonathan De Vos(5)(6)(7) *London, United Kingdom*	Director	Self-employed as a business advisor and private investor since May 2020. Senior Analyst at Invesco UK Ltd. from May 2015 – May 2020.	Since April 14, 2022	105,600 Subordinate Voting Shares (0.26%)

Notes:

(1) All of the directors' appointments expire at the next annual meeting of Shareholders, as applicable.
(2) Based on 40,382,512 Subordinate Voting Shares and 10,000,000 Proportionate Voting Shares issued and outstanding.
(3) Pursuant to the Proportionate Share Conversion Right, each Proportionate Voting Share is convertible, at the option of the holder, into 6.25 Subordinate Voting Shares, subject to the FPI Restriction. In the case that the Proportionate Share Right is validly exercised for all Proportionate Voting Shares held, Mr. René and Mr. Mapes would each receive 31,250,000 Subordinate Voting Shares for the conversion of such shares. See "*Description of Securities – Proportionate Voting Shares*".
(4) In the case that the Proportionate Share Right is validly exercised for all Proportionate Voting Shares held by Mr. René and Mr. Mapes, Mr. René and Mr. Mapes would each hold 30.37% of the issued and outstanding Subordinate Voting Shares as at the date of this Prospectus (60.75% in the aggregate). See "*Description of Securities – Proportionate Voting Shares*".
(5) Member of the Audit Committee.
(6) Member of the Compensation Committee.
(7) Member of the Nominating & Corporate Governance Committee.
(8) For more information, please see "*Director and Officer Biographies*" below.

Term of Office of Directors

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

Aggregate Ownership of Securities

To the Company's knowledge as at the date of this Prospectus, its directors and executive officers as a group beneficially own, or control or direct, directly or indirectly, 480,602 Subordinate Voting Shares and 10,000,000 Proportionate Voting Shares, representing approximately 1.19% and 100% of the outstanding Subordinate Voting Shares and Proportionate Voting Shares on a non-diluted basis, respectively.

Director and Executive Officer Biographies

Below is a brief description of each of the directors and executive officers of the Company including: names; ages; positions and responsibilities; relevant background and industry experience; principal occupations or employment during the five years preceding the date of this Prospectus; and the amount of time they expect to devote to the Company.

Gabriel René, Chief Executive Officer and Director, Age 48

Gabriel René is a technologist, entrepreneur, and author with a 25 year career in the Technology, Telecom and Media Industries specializing in emerging technologies such as AR, Virtual Reality, AI, IoT and distributed ledger technology and their applications for industrial, fintech, govtech and global standards organizations. For the past five years, he has acted as the founder and Chief Executive Officer of VERSES as a Spatial Web Software development group.

He is the author of the #1 International Bestseller "The Spatial Web - How Web 3.0 Connects Humans, Machines, and AI to Transform the World"

Mr. René serves as the acting Executive Director of the Spatial Web Foundation, a non-profit organization developing standards for the ethical interoperability between Augmented and Virtual Reality, AI, IoT, Robotics and Distributed Ledger technologies designed to power the Web 3.0 era and dedicated to the ethical, interoperable and equitable adoption of Spatial Web technologies across every major industry.

Mr. René intends to devote approximately 100% of his working time to the affairs of the Company. Mr. René is an employee of the Company and has entered into a non-competition or non-disclosure agreement with the Company.

Dan Mapes, President and Director, Age 75

For the past five years, Mr. Mapes has been the founder and President of VERSES and also a founder and architect of the Spatial Web™. Mr. Mapes is also co-founder of the Silicon Valley Blockchain Society (SVBS) and co-chairman of the Los Angeles Chapter.

Mr. Mapes is also the founder and CEO of Cyberlab9.com - a Global Deep Tech Lab. Cyberlab has a research focus on IoT, Blockchain, Virtual Reality and AI. He previously founded eCity Studios (computer gaming) which was sold to VSI Holdings, Deep Light 3D Displays which was sold to Korea Display Group and Digital Motors (Advanced Object Relational databases) which was sold to Arriba Software Corporation.

Mr. Mapes intends to devote approximately 100% of his working time to the affairs of the Company. Mr. Mapes is an employee of the Company and has entered into a non-competition or non-disclosure agreement with the Company.

Kevin Wilson, Chief Financial Officer and Secretary, Age 63

Mr. Wilson has acted as Chief Financial Officer and Secretary for VERSES since September 27, 2021. Prior to that, since September 2018, Kevin acted as the part-time Chief Financial Officer of VTU and the Company under an independent contractor agreement.

Mr. Wilson received his undergraduate degree from Stanford University, his Masters in Business Administration (MBA) graduate degree from the University of California, Los Angeles (UCLA), and earned his Certified Public Accountant (CPA) designation while working for Kenneth Leventhal & Company, a predecessor of Ernst & Young. He was licensed as a CPA in California from 1989 to 2004, at which time he allowed his CPA license to lapse.

From 2007 until 2011, Kevin was Chief Financial Officer for ICANN, the coordinator of the policies for the Internet's unique identifiers. From 2012 to 2016, Kevin was the initial Chief Financial Officer and VP Finance for Donuts Inc., the largest Top Level Domain (TLD) registry operator.

Mr. Wilson intends to devote approximately 100% of his working time to the affairs of the Company. Mr. Wilson is an employee of the Company and has entered into a non-competition or non-disclosure agreement with the Company.

G. Scott Paterson, Director, Age 58

G. Scott Paterson is a Toronto-based technology and media venture capitalist who has been active for 28 years in the investment banking industry.

Mr. Paterson worked at Dominion Securities Pitfield as a retail broker in 1985. Paterson was recruited by Richardson Greenshields in 1987 and in 1990 was invited to the then recently formed Midland Walwyn where he held the position of senior investment banker for four years.

Mr. Paterson focused on banking technology and media companies while at Midland Walwyn becoming the firm's most productive banker (as measured by fees generated). In April 1995, Mr. Paterson was recruited to Yorkton Securities where he led the firm's transformation from a mining-focused brokerage firm to technology investment bank focused on technology, internet, biotechnology and film & television. Paterson served as CEO of Yorkton Securities from 1998 to 2001.

Mr. Paterson now focuses his business attention on his board and leadership roles at FutureVault, Symbility Solutions, Lionsgate Entertainment, Coinsmart Financial and QYOU Media Inc.

Mr. Paterson intends to devote approximately 5-10% of his working time to the affairs of the Company. Mr. Paterson is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Jay Samit, Director, Age 61

Jay Samit, is an entrepreneur and intrepreneur who is recognized as one of the world's leading experts on disruption and innovation.

Mr. Samit served as the independent vice chairman of Deloitte Digital from 2016 to 2018. He is also a international bestselling author and columnist on exponential technologies (Artificial Intelligence, Augmented Reality, autonomous vehicles, etc.) for Fortune magazine.

Mr. Samit intends to devote approximately 5-10% of his working time to the affairs of the Company. Mr. Samit is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

<u>Jonathan De Vos, Director, Age 47</u>

Mr. De Vos is an investment professional based in London, UK. He was previously a generalist investment manager on the Global Emerging Markets team at Invesco, where he was responsible for deep analysis of companies across all sectors as well as portfolio management responsibilities on the Latin American and emerging Europe strategies. Prior to joining Invesco in 2015, Mr. De Vos spent 13 years at Raymond James & Associates, first as a sell-side equity analyst covering industrials and then as head of institutional sales and trading for Raymond James Ltd. in Europe. Mr. De Vos has extensive knowledge of the European asset management industry, with a particular emphasis on growth equities and placed more than $1 billion of new issuance for the firm's corporate clients.

Mr. De Vos holds an Honours Business Administration degree and an Honours Bachelor of Science in Pharmacology and Toxicology degree, both from Western University.

Mr. De Vos intends to devote approximately 5-10% of his working time to the affairs of the Company. Mr. De Vos is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company’s directors or executive officers is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period or more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed directly below, none of the Company’s directors or executive officers, nor, to its knowledge, any Subordinate Voting Shareholder or Proportionate Voting Shareholder of the Company holding a sufficient number of its securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or Shareholder.

Kevin Wilson was appointed as Chief Financial Officer and director of DigitalTown, Inc. ("**DigitalTown**") in May 2019. DigitalTown sought a restart of its business following 2019, however, due to failed negotiations with a former Chief Executive Officer in relation to a disclosed lawsuit, DigitalTown applied for a Chapter 11, Subchapter V reorganization bankruptcy in September 2020 to reorganize its debt. This petition was denied and the case was converted into Chapter 7 Bankruptcy. The Chapter 7 Bankruptcy case for DigitalTown closed on April 6, 2022, following which, DigitalTown became a discharged bankrupt.

Except as disclosed directly below, none of the Company's directors or executive officers, nor, to its knowledge, any Subordinate Voting Shareholder or Proportionate Voting Shareholder holding a sufficient number of its securities to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

G. Scott Paterson, Director of the Company, reached a voluntary settlement with the Ontario Securities Commission December 2001 in respect to administrative proceedings which included a suspension of his registration for two years and a voluntary payment. There were no allegations that Mr. Paterson had violated any securities law, statute, regulation or policy statement pursuant to the aforesaid administrative proceedings.

Conflicts of Interest

To the best of the Company's knowledge, except as disclosed elsewhere in this Prospectus, the Company is not aware of any existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. However, certain of the Company's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf. See also "*Risk Factors – Risks Related to the Company – Conflicts of Interest*".

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

See also "*Interest of Management and Others in Material Transactions*".

DIRECTOR AND EXECUTIVE COMPENSATION

This Prospectus is being filed for the purposes of VERSES becoming a reporting issuer in the provinces of British Columbia, Alberta and Ontario. Prior to obtaining a receipt for this Prospectus from securities regulatory authorities British Columbia, Alberta and Ontario, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "**Named Executive Officer**" is defined by securities legislation to mean: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually more than C$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

The Named Executive Officers of the Company are:

- Gabriel René, Chief Executive Officer and Director of the Company;
- Dan Mapes, President and Director of the Company; and
- Kevin Wilson, Chief Financial Officer and Secretary of the Company.

Compensation Philosophy and Objectives of Compensation Programs

The Company has not been a reporting issuer during any financial period to date. To achieve the Company's objectives, the Company believes it is critical to create and maintain compensation programs that attract and retain committed, highly-qualified personnel and to motivate them to assist in the achievement of the Company's business objectives, by providing appropriate rewards and incentives. In assessing the compensation of its directors and executive officers, including the Named Executive Officers, the Company and the Compensation Committee do not have in place any formal objectives, criteria or analysis.

The general objectives of Company's compensation program are designed to reward performance that contributes to the achievement of the Company's business strategy on both a short-term and long-term basis, without unduly increasing the risks associated with the Company's business and its business strategy. In furtherance of the foregoing the Company strives to reward qualities that it believes help achieve its strategy such as teamwork, individual performance in light of general economic and industry specific conditions, efforts to mitigate the business, financial and other risks facing the Company, integrity and resourcefulness, the ability to manage the Company's existing assets, the ability to identify and pursue new business opportunities, responsibility and accountability, and tenure with the Company.

Risk-Management Implications

The Compensation Committee will exercise both positive and negative discretion in relation to compensation and the allocation of 'at-risk' compensation (being cash bonuses and securities-based compensation), to encourage and reward performance that does not increase, and where practical mitigates, the Company's exposure to business and other financial risks including those identified in the Company's Management's Discussion and Analysis. The nature of the business in which the Company operates requires some level of risk-taking to achieve growth. The following aspects of the Company's executive compensation program are designed to encourage practices and activities that should enhance long-term value and sustainable growth and limit incentives that could encourage inappropriate or excessive risk-taking:

- an annual cash bonus target, determined as a percentage of an executive's annual salary, that may be earned in a calendar year; and
- setting standard terms (i.e. vesting, settlement) on grants of Awards which align interests with longer-term growth of the Company.

The Compensation Committee will consider risks associated with the Company's compensation policies and practices.

Although the Company has not adopted a written policy regarding the purchase of financial instruments, the Company’s Named Executive Officers and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

Compensation Components

The Company compensates its executive officers through base salary, cash bonuses and Awards under the Omnibus Plan at levels which the Compensation Committee believes are reasonable in light of the performance of the Company under the leadership of the executive officers. The objective of the compensation program is to provide a combination of short, medium and long term incentives that reward performance and also are designed to achieve retention of high-quality executives.

The following table provides an overview of the elements of the Company's compensation program.

Compensation Element	Award Type	Objective	Key Features
Base Salary	Salary	Provides a fixed level of regularly paid cash compensation for performing day-to-day executive level responsibilities.	Recognizes each officer's unique value and historical contribution to the success of the Company in light of salary norms in the industry and the general marketplace.
Annual Cash Bonuses	Annual non-equity incentive plan	Motivates executive officers to achieve key corporate objectives by rewarding the achievement of these objectives.	Discretionary cash payments recommended to the Board by the Compensation Committee based upon contribution to the achievement of corporate objectives and individual performance.
Long-Term Incentives	Equity-Based Awards	Long-term, equity-based, incentive compensation that rewards long-term performance by allowing executive officers to participate in the long-term appreciation of the Company's shares. The Company believes that the granting of Awards is required in order for the Company to be competitive with its peers from a total remuneration standpoint and to encourage executive officer retention.	Awards granted pursuant to the Omnibus Plan as determined by the Board, typically based on recommendations from the Compensation Committee.

The Named Executive Officers are also eligible to participate in the same benefits offered to all full-time employees. The Company does not view these benefits as a significant element of its compensation structure but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Assessment of Compensation

In determining appropriate levels of executive compensation, the Compensation Committee will take into account recommendations made by the Chief Executive Officer and President in respect of the Named Executive Officers (other than himself). In reviewing comparative data, the Compensation Committee will not engage in benchmarking for the purposes of establishing compensation levels relative to any predetermined point. In the Company’s view, external and third-party survey data provides an insight into external competitiveness, but is not an appropriate single basis for establishing compensation levels. This is primarily due to the differences in the size, scope and location of operations of comparable corporations and the lack of sufficient appropriate matches to provide statistical relevance.

Salary: Base salary is intended to compensate core competences in the executive role relative to skills, experience and contribution to the Company. Base salary provides fixed compensation determined by reference to competitive market information. The Company believes that salaries should be competitive and, as such, should provide the executive officers with an appropriate compensation that reflects their level of responsibility, industry experience, individual performance and contribution to the growth of the Company.

Annual Cash Bonuses: Bonuses will be paid at the discretion of the Board on recommendation of the Compensation Committee based upon the performance of the individual, achievement of corporate objectives and the individual executive's contribution thereto. Bonuses awarded by the Compensation Committee are intended to be competitive with the market while rewarding executive officers for meeting qualitative goals, including delivering near-term financial and operating results, developing long-term growth prospects, improving the efficiency and effectiveness of business operations and building a culture of teamwork focused on creating long-term shareholder value. Consistent with the flexible nature of the annual bonus program, the Compensation Committee will not assign any specific weight to any particular performance goal. The Board can exercise discretion to award compensation absent attainment of a pre-determined performance goal, or to reduce or increase the size of a bonus award. To date, the Board has not exercised its discretion to award a bonus absent attainment of applicable performance goals. The Compensation Committee will consider not only the Company's performance during the year with respect to the qualitative goals, but also with respect to market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments and other extenuating circumstances. In sum, the Compensation Committee will analyze the total mix of available information on a qualitative, rather than quantitative, basis in making bonus determinations. Target bonuses for Named Executive Officers may be exceeded if an executive officer is instrumental in the achievement of favourable milestones in addition to pre-determined objectives, and in circumstances where an executive's individual commitment and performance is exceptional.

Long-Term Incentives**:** The allocation of Awards and the terms thereof, are integral components of the compensation package of the executive officers of the Company. The Company's Omnibus Plan is in place for the purpose of providing equity-based compensation to its officers, employees and consultants. The Company believes that the grant of Awards to the executive officers serve to motivate achievement of the Company's long-term strategic objectives and the result will benefit all shareholders of the Company. Awards will be granted to employees of the Company (including the directors and Named Executive Officers) by the Board, which bases its recommendations in part upon recommendations of the Chief Executive Officer and President relative to the level of responsibility and contribution of the individuals toward the Company's goals and objectives.

The Compensation Committee will exercise its discretion to adjust the number of Awards granted based upon its assessment of individual and corporate performance and the anticipated future hiring requirements of the Company. Also, the Compensation Committee will consider the overall number of Awards that are outstanding relative to the number of outstanding Subordinate Voting Shares and Proportionate Voting Shares of the Company and the overall number of Awards held by each individual optionee relative to the number of Awards that are available under the Omnibus Plan in determining whether to make any new grants of Awards and the size of such grants. The granting of specific Awards to Named Executive Officers is generally reviewed for recommendation to the Board for final approval.

The Compensation Committee will review and recommend to the Board the remuneration of the Company's Named Executive Officers. The Company's recommendations will be based on a number of factors, including the Company's performance as measured by the advancement of business objectives, which performance may not necessarily be reflected in the trading price of the Subordinate Voting Shares on the NEO in the future.

Compensation Governance

The Company's executive compensation program will be administered by the Compensation Committee, which is comprised solely of independent directors. The Compensation Committee is comprised of G. Scott Paterson, Jay Samit and Jonathan De Vos. Each member of the Compensation Committee is independent for the purposes of NI 58-101, and is experienced in dealing with compensation matters by virtue of having previously held senior executive or similar positions requiring such individuals to be directly involved in establishing compensation philosophy and policies and in determining overall compensation of executives.

The Compensation Committee, under the supervision of the Board, will have the overall responsibility for recommending to the Board levels of compensation for the Company’s executive officers as well as certain key employees and non-executive officers for approval by the Board, and for recommending compensation for directors, including the granting of equity-based incentive awards for approval by the Board and determining whether security holder approval should be obtained for equity-based incentive plans and related award grants. The responsibilities, powers and operating procedures of the Compensation Committee are outlined in its charter, a copy of which is attached as Schedule "M" hereto.

Equity Compensation Plans

Additional information regarding the significant terms of the Company's Omnibus Plan is provided under "*Options to Purchase Securities – Omnibus Plan*".

Pension Plan Benefits

The Company has not established a pension plan for the benefit of its executive officers that provides for payments or benefits at, following, or in connection with retirement.

Deferred Compensation Plans

The Company does not have any deferred compensation plans relating to a Named Executive Officer.

Employment Agreements

Other than as described below, the Company does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a director or Named Executive Officer's responsibilities.

The Company has entered into an employment contract (the "**CEO Contract**"), through VERSES, Inc., an Indirect Subsidiary, with Gabriel René pursuant to Mr. René's position as founder and Chief Executive Officer of the Company. The term of the CEO Contract began on December 31, 2021 and ends on December 31, 2022, and shall be renewed for additional twelve month terms unless the CEO Contract is terminated according to its terms. Pursuant to the CEO Contract, Mr. René will be paid an annual salary of $300,000 in addition to potential compensation received from equity compensation plans, health benefits and performance bonuses.

The Company has entered into an employment contract (the "**President Contract**"), through VERSES, Inc., an Indirect Subsidiary, with Dan Mapes pursuant to Mr. Mapes' position as founder and President of the Company. The term of the President Contract began on December 31, 2021 and ends on December 31, 2022, and shall be renewed for additional twelve month terms unless the President Contract is terminated according to its terms. Pursuant to the President Contract, Mr. Mapes will be paid an annual salary of $264,000 in addition to potential compensation received from equity compensation plans, health benefits and performance bonuses.

The Company has entered into an employment contract (the "**CFO Contract**"), through VERSES, Inc., an Indirect Subsidiary, with Kevin Wilson pursuant to Mr. Wilson's position as Chief Financial Officer of the Company. The term of the CFO Contract began on December 31, 2021 and ends on December 31, 2022, and shall be renewed for additional twelve month terms unless the CFO Contract is terminated according to its terms. Pursuant to the CFO Contract, Mr. Wilson will be paid an annual salary of $249,000 in addition to potential compensation received from equity compensation plans, health benefits and performance bonuses.

Termination and Change of Control Benefits

The Company does not have any termination or change of control provisions relating to the engagement of its Named Executive Officers, other than the termination and severance provisions contained in the CEO Contract, President Contract and CFO Contract which are disclosed directly below.

The Company may terminate the CEO Contract, President Contract or CFO Contract in the event of: (a) death; (b) felony conviction; (c) severe disability; (d) the failure to perform duties by the executive and continued failure to perform duties for a period of thirty days following notice by the Company of said failure; (e) gross or willful misconduct that results, or is substantially likely to result, in serious damage to the Company or its reputation; or (f) breach of confidentiality and non-solicitation provisions therein (collectively, "**Company Termination Provisions**").

Each executive may terminate their respective employment contract: (a) in the event there is a material breach from the Company that remains uncured for a period of 30 days following notice by the executive of such breach; (b) or if the executive is assigned a job role or position duties that are materially inconsistent with their role and duties as contemplated by the CEO Contract, President Contract or CFO Contract, as applicable (collectively, "**Executive Termination Provisions**").

No severance shall be available if the CEO Contract, President Contract or the CFO Contract are terminated in accordance with the Executive Termination Provisions. Receipt of any severance may also be conditioned upon the executive's approval and the execution of a written waiver and settlement of claims document absolving the Company and its affiliates, employees, directors, officers and assigns of any liability concerning the employment of the terminated executive.

The Company and the applicable executive may also jointly terminate ("**Mutual Termination**") the CEO Contract, President Contract or CFO Contract by mutual agreement memorialized in writing.

Under the CEO Contract, President Contract and CFO Contract, upon occurrence of a "Triggering Event", the executive will be entitled to a severance package consisting of: (a) a monetary payment equal to 12 months of their base salary; (b) continuation for 12 months of the executive's medical and dental insurance; and (c) immediate, accelerated vesting of all stock options, equity and related compensation subject to vesting requirements.

A "**Triggering Event**" is defined in the CEO Contract, President Contract and CFO Contract as:

(a) any Company Termination Provision excluding termination effected pursuant to felony conviction, failure and continued failure of the executive to perform duties, gross or wilful misconduct and the breach of confidentiality and non-solicitation provisions;

(b) the assignment to the executive of a job role or duties materially inconsistent with those contemplated in the CEO Contract, President Contract and CFO Contract;

(c) the interposition of any direct reporting supervisor or manager over the executive other than the Company's Chief Executive Officer and President; or

(d) or a change of control of the Company pursuant to the liquidation or dissolution of the Company, the consummation of a business combination transaction excluding such transactions which are implemented by the Verses Technologies Inc. or jointly by the Company's Chief Executive Officer and President.

Any termination of the CEO Contract, President Contract and CFO Contract shall have no effect on any compensation or benefit that an executive earned prior to such termination. If the CEO Contract, President Contract or CFO Contract is terminated for a reason not specifically provided under the Company Termination Provisions, the terminated executive shall also be entitled to any other rights, compensation and/or benefits as may be due to the executive in accordance with the terms and provisions of any other agreements, contracts, grants, plans or programs of the Company – such compensation to be provided in addition to the severance package contemplated under the CEO Contract, President Contract and CFO Contract.

The table below summarizes the incremental payments that would be made to our Named Executive Officers upon the occurrence of a Triggering Event:

Name and Principal Position	Monetary Payment	Options and Equity Compensation	Other Payments[(1)]	Total
Gabriel René *Chief Executive Officer and Director*	$300,000	Nil	$22,342.56	$322,342.56
Dan Mapes *President and Director*	$264,000	Nil	$15,347.04	$279,347.04
Kevin Wilson *Chief Financial Officer and Secretary*	$249,000	Nil	$17,933.76	$266,933.76

Notes:

(1) Medical and dental insurance continued over 12 months following termination.

Director Compensation

The compensation of the directors of the Company is designed to attract and retain individuals with the relevant skills and knowledge to serve on the Board. The Company's director compensation also serves to align the interests of the directors of the Company with those of the shareholders of the Company. VERSES' director compensation program reflects the Company's relative size and reinforces the importance of shareholder value. The compensation program takes into account the time commitment, duties, and responsibilities of the directors of the Company, and director compensation practices at comparable companies. While director compensation amounts are not based on corporate performance, the Board will institute a formal performance assessment process to ensure director effectiveness and engagement.

Each director is entitled to participate in the Omnibus Plan and any security-based compensation arrangement or other plan adopted by VERSES with the approval of the Board and/or VERSES' shareholders, as may be required by applicable law or NEO policies. VERSES' director compensation program consists solely of director participation in the Omnibus Plan and any security-based compensation arrangement or other plan adopted by VERSES.

VERSES' directors will be reimbursed for expenses incurred on VERSES' behalf. No additional fees, including meeting fees will be paid to directors.

As of the date hereof, 2,500,000 Options have been granted to directors to of the Company, each Option entitling the holder thereof to acquire on Subordinate Voting Share at a price of C$0.80 per share until June 16, 2027 and 500,000 RSUs have been awarded to one director of the Company, which RSUs will vest on the first, second and third anniversary of the Listing Date. See above under the heading "*Options to Purchase Securities*".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or its subsidiaries had any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs.

AUDIT COMMITTEE

Composition

The Company has formed an Audit Committee comprised of Jonathan De Vos (Chair), G. Scott Paterson and Jay Samit, all of whom are "financially literate" and "independent" as defined in NI 52-110.

Audit Committee Charter

The full text of the Audit Committee Charter is attached to this Prospectus as Schedule "L".

The primary function of the Audit Committee, under the supervision of the Board, will be to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting processes and provision of financial information to the shareholders and others, the systems of internal controls and disclosure controls, the Company's internal and external audit process, the Company's policies with regard to ethics and business practices, and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee will be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee will be expected to maintain open communications between the Company's external auditor, senior management and the Board. The Audit Committee will not plan or perform audits or warrant or attest to the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibilities of management and the Company's auditor.

Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see "*Directors and Executive Officers – Director and Executive Officer Biographies*".

Reliance on Certain Exemptions

At no time since the commencement of the Company's current financial year has the Company relied on any exemption provided by section 2.4, Part 3 or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee will nominate and engage the Company's auditor to audit the financial statements, and approves all audit, audit-related services, tax services and other services provided by the Company's independent registered public accounting firm, Crowe MacKay LLP, Chartered Professional Accountants ("**Crowe**"). Any significant services provided by Crowe that are not specifically included within the scope of the audit must be pre-approved by the audit committee prior to any engagement. The Audit Committee will be permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception before the completion of the engagement.

External Auditor Service Fees by Category

The fees billed by the Company's former external auditor, Dale Matheson Carr Hilton Labonte LLP, for the period ending March 31, 2021 for audit and non-audit related services provided to the Company or its subsidiaries (if any) were as follows:

Financial Period Ending	Audit Fees	Audit Related Fees(1)	Tax Fees(2)	All Other Fees(3)
March 31, 2021(4)	$60,000	Nil	Nil	Nil

Notes

(1) Fees charged for assurance and related services that are reasonably related to the performance of an audit or review of the Company's financial statements, and not included under Audit Fees.
(2) Fees charged for tax compliance, tax advice and tax planning services. $14,000 Tax Fees have been billed by and paid to the Company's former external auditor since the financial period ended March 31, 2021.
(3) Fees for services other than disclosed in any other column.
(4) $105,000 Audit Fees have been billed by and paid to the Company's former external auditor since the financial period ended March 31, 2021.

No fees were billed by the Company's current auditor, Crowe, for the period ending March 31, 2021.

STATEMENT ON CORPORATE GOVERNANCE

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board will fulfill its mandate directly and through any of its subcommittees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors will be kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

Board of Directors

Board Mandate

The Board assumes responsibility for the stewardship of the Company and the enhancement of Shareholder value. The Board has adopted a formal mandate under which the Board acknowledges its responsibility for the stewardship of the Company, including:

(a) the promotion of leadership and integrity throughout the Company, the Board, with the assistance of the committees as appropriate, selects senior management, directors, officers and advisors who the Board believes will conduct themselves with utmost integrity and will comply with the Board's directions and policies and applicable laws and regulations;

(b) in consultation with management, the annual review and approval of the strategic direction of the Company;

(c) the review and identification of the principal risks to the Company and the review of management's plans for the monitoring and management of those risks;

(d) the annual identification of key individuals of the Company and in consultation with management, the determination of how best to replace such individuals should the need to arise;

(e) the commitment to timely, effective and accurate corporate disclosure in accordance with all applicable laws;

(f) the oversight of the Company's auditor and the implementation and monitoring of internal control and management information systems;

(g) the review of the Company's corporate governance policies, practices and compliance, and the monitoring and assessment of the functioning of the Board and the committees of the Board;

(h) the management of expectations and responsibilities of individual directors; and

(i) the oversight of orientation and continuing education of incoming directors and current directors, as applicable.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of VERSES. The Board intends to meet on a regular basis to plan for the strategic growth of the Company. Frequency of Board meetings as well as the nature of agenda items change depending upon the state of VERSES' affairs and in light of opportunities or risks that VERSES faces. When necessary and appropriate, issues may be approved and adopted by the Board by way of written resolutions.

The Board facilitates its exercise of independent supervision over the Company's management through meetings of the Board held for the purposes of obtaining an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

Composition of the Board

The Company's Board consists of five (5) directors, three (3) of whom are independent. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with VERSES, as defined in NI 58-101. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of all the directors of the Company, G. Scott Paterson, Jay Samit and Jonathan De Vos are considered to be independent for the purposes of NI 58-101. Gabriel René and Dan Mapes are not considered to be independent for the purposes of NI 58-101 as they are executives of the Company.

Position Descriptions

The Company has not formally appointed a Chair to the Board due to the size of the Company. The Chief Executive Officer of the Company currently fulfills the roles of both the Chair to the Board and that of Chief Executive Officer. The Board has not developed a written position description for the Chief Executive Officer and Chair.

The Chief Executive Officer and President are currently responsible for overseeing the Board processes, to ensure the Board operates efficiently and effectively in carrying out its duties and to act as a liaison between the Board and management. The Chief Executive Officer and President are responsible and accountable for pursuing the strategic goals of VERSES which are considered and adopted by the Board. Management is required to seek the Board's approval for any major transaction. The Board would be required to give prior approval to any action that would lead to a material change in the nature of the business and affairs of the Company.

Specific position descriptions have not been adopted for the chairs of each of its committees as the Board is of the view that the respective committee charters are sufficiently specific that no separate description is necessary for the chairs of such committees.

Directorships

Some of the directors of the Company serve on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The following table lists the directors of the Company who serve on boards of directors of other reporting issuers (or the equivalent) and the identities of such reporting issuers (or the equivalent).

Name of Director	Reporting Issuers (or the Equivalent)
G. Scott Paterson	QYOU Media Inc. (TSXV) CoinSmart Financial Inc. (NEO)

The Board has determined that these inter-locking directorships will not adversely impact the effectiveness of these directors on the Board or create any potential for conflicts of interest. However, certain of the Company's directors are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with the Company's business.

See also "*Risk Factors – Risks Related to the Company – Conflicts of Interests*", "*Directors and Executive Officers – Conflicts of Interest*" and "*Interest of Management and Others in Material Transactions"*.

Orientation and Continuing Education

While the Company does not have a formal orientation and training program, new Board members will be provided with:

1. access to recent, publicly filed documents of the Company;
2. access to management;
3. access to legal counsel in the event of any questions relating to the Company's compliance and other obligations; and
4. internal presentations prepared by Company personnel on matters relevant to the Company's business and operations.

Board members will be encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Company; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members will have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of VERSES and to meet responsibilities to Shareholders. The Board has adopted a written code of business conduct and ethics (the "**Code**"), which is applicable to all of the Company's directors, officers and employees. The Board will monitor compliance with the Code by requesting that any person who becomes aware of any existing or potential violation of the Code promptly notify the Chair of the Audit Committee or VERES' Ethics Officer. The Company has not filed any material change report since the beginning of its most recently completed financial year pertaining to any conduct of a director or executive officer that constitutes a departure from the Code. The Nominating & Corporate Governance Committee will be responsible (among other things) for overseeing the procedure for monitoring directors' responsibility and diligence and for determining the independence of directors. Under the Code, as well as under terms of reference for directors that have been developed by the Board, directors are required to exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. In addition, VERSES requires that directors who have a material interest declare that interest to the Board and, where applicable, its committees as well.

Nomination of Directors

The Company's Nominating & Corporate Governance Committee is comprised of G. Scott Paterson, Jay Samit and Jonathan De Vos, who are each considered independent for the purposes of NI 58-101, and is responsible for, among other things, establishing a process for identifying, recruiting, appointing, and providing ongoing development for directors, monitoring and assessing the functioning of the Board, committees of the Board, and the individual members of the Board, and ensuring the Board, directors and management adopt and observe good corporate governance practices. Members of the Board and representatives from industries relevant to the business of VERSES are consulted for possible candidates, and search firms may be retained to the extent the Nominating & Corporate Governance Committee considers appropriate. The Board has adopted a written charter that formally sets forth the responsibilities, powers and operations of the Nominating & Corporate Governance Committee.

In making its recommendations of director nominees, the Nominating & Corporate Governance Committee will consider: (i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the diversity of the Board composition, including whether targets have been adopted for women, visible minorities, Aboriginal people and people with disabilities on the Board or in executive officer positions; (iii) the competencies and skills that the Board considers each existing director to possess; and (iv) the competencies and skills each new nominee would be expected to bring to the Board. The Nominating & Corporate Governance Committee should also consider whether each new nominee will be able to devote sufficient time and resources to his or her duties as a member of the Board.

The Nominating & Corporate Governance Committee will periodically, as necessary, or at least annually assess the overall effectiveness and contribution of the Board, Board committees and individual directors. The Nominating & Corporate Governance Committee will also, among other things, review the Company's corporate governance policies and the Company's compliance with securities and corporate legislation and stock exchange policies, and address any corporate governance issues or Board complaints that may arise.

Majority Voting Policy

In addition, the Company has adopted a Majority Voting Policy for director elections. The purpose of the Majority Voting Policy is to ensure that the members of the Board carry the confidence and support of the Shareholders and that the Board continues to be committed to upholding high standards in corporate governance.

Pursuant to the Majority Voting Policy, each director of the Company must be elected by a majority of the votes cast with respect to their election, and, if the number of votes "withheld" for any nominee exceeds the number of votes "for", the nominee must tender his or her resignation to the Board following the shareholders' meeting to be effective upon acceptance by the Board. Upon such resignation, the Nominating & Corporate Governance Committee will consider the offer of resignation and make a recommendation to the Board on whether to accept or reject such resignation. The Board will consider such resignation and will accept the resignation absent exceptional circumstances, which formal action shall occur no later than 90 days following the date of the applicable shareholders' meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the Nominating & Corporate Governance Committee at which the resignation is considered. Once the determination of the Board to accept or reject the director's resignation has been made, the Company will promptly announce the Board's decision by press release (a copy of which will be concurrently provided to the NEO).

Compensation

The Compensation Committee is comprised of G. Scott Paterson, Jay Samit and Jonathan De Vos, who are each considered independent for the purposes of NI 58-101. For further discussion on the Compensation Committee's mandate and responsibilities, see heading "*Director and Executive Compensation – Compensation Governance*."

Other Board Committees

As of the date hereof, the Board has no committees other than the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee. The Board will consider the formation of other committees, as necessary, following completion of the Listing.

Director Assessments

The Board will, on at least an annual basis, review the performance and effectiveness of the Board, its committees and individual directors. The Nominating & Corporate Governance Committee will be responsible for assessing on at least an annual basis the overall effectiveness of the Board as a whole, each of the committees (other than the Nominating & Corporate Governance Committee itself, which is evaluated by the full Board), the Chair of the Board and individual directors. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies. The Nominating & Corporate Governance Committee will report the results of its assessments to the full Board, which report the Board takes into consideration when completing its overall performance and effectiveness reviews.

Director Term Limits and Board Diversity

The Company does not impose term limits on its directors. The Company believes term limits are an arbitrary mechanism for removing directors, and can result in highly qualified and experienced directors forced out solely based on the length of their service.

The Company is committed to developing a diverse environment where individual differences are respected and diversity is promoted and valued. The Company believes that a diverse workforce enhances the Company's effectiveness by leveraging access to a broad spectrum of experience, skills, and knowledge. The Company recognizes the benefits from creating and maintaining a diverse and inclusive culture within its workforce, including exposure to different perspectives. Therefore, while opportunities will be primarily based on performance, skill and merit, due consideration will be given to diversity in all aspects of employment of and engagement by an employee, officer or director of the Company, including selection, recruitment, hiring, promotion, compensation, termination, training and development. For clarity, "diversity" means any element or quality that can be used to differentiate groups and people from one another, including differences based on race, color, religion, gender and gender identity, sexual orientation, family or marital status, political belief, age, national or ethnic origin, citizenship or physical or mental disability, among others.

The Board currently does not include any women. The Company has not adopted a formal policy in respect of the identification and nomination of women for Board and executive officer appointments, however, the Nominating & Corporate Governance Committee will consider the diversity of the Board composition, including whether targets have been adopted for women, when making its recommendations for director nominees. The Company does not currently have any established targets regarding the representation of women on the Board or executive officer positions.

RISK FACTORS

An investment in the securities of the Company is speculative and involves a high degree of risk due to the nature of the Company's business. An investment in the Company's securities should only be made by persons who can afford the total loss of their investment. The following risks, as well as risks currently unknown to the Company, could adversely affect the Company's current or future business, operations, results, cash flows and financial condition and could cause future results, cash flows, financial condition, events or circumstances to differ materially from those currently expected, including the estimates and projections contained in this Prospectus. Potential investors should carefully consider the risks described below and elsewhere in this Prospectus. The risks described below and elsewhere in this Prospectus do not purport to be an exhaustive summary of the risks affecting the Company and additional risks and uncertainties not currently known to the Company or not currently perceived as being material may have an adverse effect on the Company.

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a description of additional risks affecting the Company.

Risks Related to the Company

Limited Operating History

The Company has a relatively limited operating history. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources. Although the Company possesses an experienced management team, there is no assurance that the Company will be successful in achieving a return on Shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. There is no assurance that the Company will generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its business and growth plans. An investment in the Company's securities carries a high degree of risk and should be considered speculative by investors. Prospective investors should consider any purchase of the Company's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development.

Additional Funding

The operation of the Company's business will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, which may include debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing Shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing Shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets the Company's status as a relatively new enterprise with a limited history and/or the loss of key management personnel.

Negative Cash Flow from Operating Activities

The Company has had negative cash flow from operating activities since inception. The Company's business is in an early stage and additional capital investment will be required to achieve revenue. There is no assurance that the Company will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

Implementation of Growth Strategy

VERSES' future growth, profitability and cash flows depend upon the Company's ability to successfully implement its growth strategy, which, in turn, is dependent upon a number of factors, including the Company's ability to:

(1) expand its customer/user base;

(2) retain qualified operations staff;

(3) support growth of existing customers; and

(4) enhance and develop COSM and COSM applications.

There can be no assurance that the Company can successfully achieve any or all of the above initiatives in the manner or time period that the Company expects. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to VERSES' earnings. The Company cannot provide any assurance that it will realize, in full or in part, the anticipated benefits the Company expects its strategy will achieve. The failure to realize those benefits could have a material adverse effect on VERSES' business, financial condition and results of operations.

Conflicts of Interest

Certain of the Company's directors and officers do not devote their full time to the affairs of the Company and certain of the Company's directors and officers are also directors, officers and shareholders of other public companies in general, and as a result they may find themselves in a position where their duty to another company conflicts with their duty to the Company. Although the Company has policies which address such potential conflicts and the BCBCA has provisions governing directors in the event of such a conflict, none of the Company's constating documents or any of its other agreements contain any provisions mandating a procedure for addressing such conflicts of interest.

There is no assurance that any such conflicts will be resolved in favour of the Company. If any such conflicts are not resolved in favour of the Company, the Company may be adversely affected.

Uncertainty of Use of Available Funds

Although the Company has set out its intended use of available funds in this Prospectus, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such funds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Failure to Manage Growth

VERSES anticipates that growth in demand for the Company's services and COSM will place significant demands on the Company's operational infrastructure. The scalability of COSM will depend on VERSES' ability to develop COSM for different industry applications. Moreover, as the Company's business grows, VERSES will need to devote additional resources to improving its operational infrastructure and continuing to enhance its scalability in order to maintain the performance of COSM and COSM applications.

As the Company grows, VERSES will be required to continue to improve its operational and financial controls and reporting procedures and VERSES may not be able to do so effectively. In managing the Company's growing operations, VERSES is also subject to the risks of over-hiring and/or overcompensating its employees and over-expanding its operating infrastructure. As a result, VERSES may be unable to manage its expenses effectively in the future, which may negatively impact VERSES' gross profit or operating expenses.

As the Company continues to grow and develop the infrastructure of a public company, the Company must effectively integrate, develop and motivate a growing number of new employees, some of whom are based in various countries around the world. In addition, the Company must preserve its ability to execute quickly in further developing the Company's platform and implementing new features and initiatives. As a result, VERSES may find it difficult to maintain its corporate culture, which could limit the Company's ability to innovate and operate effectively. Any failure to preserve VERSES' culture could also negatively affect the Company's ability to recruit and retain personnel, to continue to perform at current levels or to execute on the Company's business strategy effectively and efficiently.

Reliance on Strategic Partnerships

The Company relies on strategic partnerships with third parties for technologies that are vital to the functionality of the Company. The Company anticipates that it will continue to depend on relationships with these third parties, such as data center hosting companies, cloud computer platform providers, and software and hardware vendors. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, the Company's ability to grow and scale COSM or to generate revenue could be impaired, and its results of operations may suffer. Even if the Company is successful, it cannot be sure that these relationships will result in increased customer usage of COSM and COSM applications or increased revenue.

Security Breaches

VERSES operates in an industry that is prone to cyber attacks. Failure to prevent or mitigate security breaches and improper access to or disclosure of the Company's data or customer data, could result in the loss or misuse of such data, which could harm VERSES' business and reputation. The security measures VERSES has integrated into its internal networks and systems and COSM, which are designed to prevent or minimize security breaches, may not function as expected or may not be sufficient to protect the Company's internal networks against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. As a result, VERSES may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into the Company's networks.

If a security breach were to occur, as a result of third-party action, employee error, breakdown of VERSES' internal security processes and procedures, malfeasance or otherwise, and the confidentiality, integrity or availability of VERSES' customers' data was disrupted, the Company could incur significant liability to its customers, and VERSES' services and COSM may be perceived as less desirable, which could negatively affect the Company's business and damage its reputation.

Moreover, COSM and COSM applications could be breached if vulnerabilities in COSM or such COSM applications are exploited by unauthorized third parties or due to employee error, breakdown of VERSES' internal security processes and procedures, malfeasance, or otherwise. Further, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information or otherwise compromise the security of VERSES' internal networks and electronic systems in order to gain access to the Company's data or its customers' data.

Any actual or perceived security breach could damage the Company's reputation and brand, expose the Company to a risk of litigation and possible liability and require VERSES to expend significant capital and other resources to respond to and/or alleviate problems caused by the security breach. Some jurisdictions have enacted laws requiring companies to notify individuals and authorities of data security breaches involving certain types of personal or other data and agreements with certain customers and partners may require VERSES to notify them in the event of a security incident. Any of these events could harm VERSES' reputation or subject VERSES to significant liability, and materially and adversely affect the Company's business and financial results.

Software Errors or Defects

COSM and COSM applications are and will be dependent upon the successful and uninterrupted functioning of VERSES' computer and data processing systems, cloud computing platform and network operating system. These software and systems may contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released.

The failure or unavailability of these systems could materially impact VERSES's ability to deliver COSM and COSM applications to customers effectively or comply with contractual obligations to third parties. If sustained or repeated, a system failure or loss of data could negatively affect the operating results of VERSES.

Since the Company's customers use and will use its services for decisions that are critical to their operation and ability to efficiently function, errors, defects, security vulnerabilities, service interruptions or software bugs in the Company's network could result in losses to its customers. Customers may seek significant compensation from the Company for any losses they suffer or cease conducting business with the Company altogether. Further, a customer could share information about bad experiences on social media, which could result in damage to the Company's reputation. There can be no assurance that provisions included in the Company's agreements with its customers that attempt to limit its exposure to claims would be enforceable or adequate or would otherwise protect it from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against the Company by any of its customers would likely be time-consuming and costly to defend and could seriously damage its reputation and brand, making it harder for the Company to generate revenue.

Insufficient Insurance Coverage

VERSES maintains property, general liability, errors and omissions and directors and officers' liability insurance on such terms as it deems appropriate. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of VERSES' lost investment. This insurance may not remain available to it at commercially reasonable rates. Future increases in insurance costs, coupled with the increase in deductibles, will result in higher operating costs and increased risk. Not all risks faced by VERSES are insured.

Failure to Maintain, Promote and Enhance Brand

VERSES believes that maintaining, promoting and enhancing the VERSES brand is critical to expanding the Company's business and rolling out COSM and COSM applications. Maintaining and enhancing the VERSES brand will depend largely on the Company's ability to continue to provide high-quality, well-designed, useful, reliable and innovative solutions, which the Company may not do successfully. The Company operates in a space with some of the largest companies in the world that have significantly more resources than VERSES. These companies have the ability to dilute the Company's messaging regarding the Spatial Web which may confuse the market which may be detrimental to the continued development and enchantment of the Company's brand.

Errors, defects, data breaches, disruptions or other performance problems with COSM and COSM applications may harm VERSES' reputation and brand. The Company may introduce new solutions or terms of service that its customers do not like, which may negatively affect the VERSES brand. Additionally, if the Company's customers have a negative experience using VERSES solutions, such an experience may affect the VERSES brand, especially as the Company continues to attract larger customers to COSM.

The Company believes that the importance of brand recognition will increase as competition in VERSES' market increases. In addition, successful promotion of the VERSES brand will depend on the effectiveness of the Company's marketing efforts. VERSES' efforts to market the VERSES brand will involve significant expenses. VERSES' marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses VERSES incurs in building and maintaining the VERSES brand.

Dependence on Customer Internet Access and Use of Internet for Commerce

The Company's success will depend upon the general public's ability to access the internet, including through mobile devices. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including changes to laws or regulations impacting internet neutrality, could decrease the demand for COSM and COSM applications or otherwise adversely affect the Company's business. Given uncertainty around these rules, VERSES could experience discriminatory or anti-competitive practices that could impede both the Company and its customers' growth, increase the Company's costs or adversely affect VERSES' business. If customers become unable, unwilling or less willing to use the internet for commerce for any reason, including lack of access to high-speed communications equipment, congestion of traffic on the internet, internet outages or delays, disruptions or other damage to customers' computers, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, VERSES' business could be adversely affected.

Privacy and Security of Sensitive Information

VERSES' operations are and will be dependent on the Company's information systems and the information collected, processed, stored, and handled by these systems. Throughout the Company's operations, VERSES will receive, retain and transmit certain confidential information, including personally identifiable information that the Company's customers provide to utilize COSM and COSM applications, interact with the Company's personnel, or otherwise communicate with VERSES. In addition, for these operations, VERSES will depend in part on the secure transmission of confidential information over public networks. The Company's information systems are and will be subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, security breaches, including credit card or personally identifiable information breaches, coordinated cyber attacks, vandalism, catastrophic events and human error. Although VERSES deploys a layered approach to address information security threats and vulnerabilities, including ones from a cyber security standpoint, designed to protect confidential information against data security breaches, a compromise of the Company's information security controls or of those businesses with whom the Company interacts, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm VERSES' reputation and expose VERSES to regulatory actions and claims from customers and other persons, any of which could adversely affect the Company's business, financial position, and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, VERSES may not be able to anticipate these techniques or to implement adequate preventative measures. In addition, a security breach could require that the Company expends substantial additional resources related to the security of information systems and disrupt the Company's businesses.

Changes in Technology

The Company operates in a competitive industry characterized by rapid technological change and evolving industry standards. The Company's ability to attract new customers and generate revenue from existing customers will depend largely on its ability to anticipate industry standards and trends, respond to technological advances in its industry, and to continue to enhance COSM or to design and introduce new COSM applications on a timely basis to keep pace with technological developments and its customers' increasingly sophisticated needs. The success of any enhancement of COSM or new COSM applications will depend on several factors, including the timely completion and market acceptance of

COSM and COSM applications. Any new application the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implements new technologies before the Company is able to implement them, those competitors may be able to provide more effective applications and services than the Company at lower prices. Any delay or failure in the introduction of new or enhanced applications and services could harm the Company's business, results of operations and financial condition.

The Company's services and COSM are expected to embody complex technology that may not meet those standards, changes and preferences. The Company's ability to design, develop and commercially launch COSM and COSM applications depends on a number of factors, including, but not limited to, its ability to design and implement solutions and services at an acceptable cost and quality, its ability to attract and retain skilled technical employees, the availability of critical components from third parties, and its ability to successfully complete the development of COSM and COSM applications in a timely manner. There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively respond to technological changes, or fails or delays to develop services in a timely and cost-effective manner, COSM and COSM applications may become obsolete, and the Company may be unable to recover its development expenses which could negatively impact sales, profitability and the continued viability of its business.

Competition

Some of VERSES' competitors are better capitalized, hold a larger percentage of the Canadian and international markets, have greater financial, technical and marketing resources than VERSES and have greater name recognition than VERSES. If price competition increases, VERSES may not be able to raise its pricing in response to a rising cost of funds or may be forced to lower the pricing that it is able to charge customers. Price-cutting or discounting may reduce profits. This could have a material adverse effect on VERSES's business, financial condition and results of operations and on the amount of cash available for dividends to Shareholders.

Difficulty in Forecasting

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The Company's estimates and forecasts relating to the size and expected growth of its target market, market demand and adoption, capacity to address this demand, and pricing may prove to be inaccurate. The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reputational Risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the Company's overall ability to advance COSM and COSM applications, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Protection of Intellectual Property

The Company's commercial success depends to a significant degree upon its ability to develop new or improved technologies, instruments and services, and to obtain patents, where appropriate, or other intellectual property rights or statutory protection for these technologies and products in Canada and the United States. Despite devoting resources to the research and development of proprietary technology, the Company may not be able to develop new technology that is patentable or protectable. Further, patents issued to the Company, if any, could be challenged, held invalid or unenforceable, or be circumvented and may not provide the Company with necessary or sufficient protection or a competitive advantage. Competitors and other third parties may be able to design around the Company's intellectual property or develop a technology similar to COSM that is not within the scope of such intellectual property. The Company's inability to secure its intellectual property rights may have a materially adverse effect on its business and results of operations.

Prosecution and protection of the intellectual property rights sought can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States.

Public Health Crises such as the COVID Pandemic

The COVID pandemic has continued to unexpectedly disrupt the economy and put unprecedented strains on governments, health care systems, businesses and individuals around the world. The impact and duration of the COVID pandemic continues to be difficult to assess or predict with continued outbreaks relating to different COVID variants and subvariants. It remains difficult to predict the long-term impact on the global economic market, which will depend upon actions taken by governments, businesses and other enterprises in response to new challenges arising from the pandemic. The COVID pandemic has already caused, and may result in further, significant disruption of global financial markets and economic uncertainty. As an example, many of VERSES' customers and targeted customers whose operations rely on their physical premises have been significantly impacted since March 2020. The COVID pandemic has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders, and business limitations and shutdowns. Such measures may be implemented with short notice and have contributed to rising unemployment and negatively affected consumer and business spending. The extent to which the COVID pandemic affects the Company's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID and its variants, the effectiveness of vaccines, the continued spread of COVID and the actions taken by governments to curtail or treat its impact, including shelter-in-place directives, business limitations and shutdowns, travel bans and restrictions, and other actions, which, if imposed or extended, may impact the economies in which the Company now, or may in the future, operate. Adverse market conditions resulting from the spread of COVID could materially adversely affect VERSES' business results of operations and financial condition.

The COVID pandemic has not had a negative impact on VERSES's business or operations, and VERSES does not currently anticipate that the COVID pandemic will have an impact on its business or operations. The COVID pandemic has led to disruptions of the Company's business activity and a sustained outbreak may have a negative impact on the Company and its financial performance in the future. The Company has business continuity policies in place and is developing additional strategies to address potential disruptions in operations. However, no assurance can be made that such strategies will mitigate the adverse future impacts related to the COVID pandemic. A prolonged COVID pandemic and the continued emerge of new variants and subvariants could adversely impact the health of the Company's employees, customers and other stakeholders.

Foreign Private Issuer Status

VERSES currently qualifies a "foreign private issuer" as defined under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and is currently exempt from the requirement of having to file periodic reports with United States Securities and Exchange Commission (the "**SEC**") under the Exchange Act pursuant to the exemption to reporting provided by Rule 12g3-2(b) under the Exchange Act. If VERSES ceases to qualify as a foreign private issuer, VERSES would need to register its shares under the Exchange Act and would be required to file with the SEC periodic reports under the Exchange Act, including annual reports on Form 10-K, quarterly reports on Form 10-Q (in each case with financial statements prepared in accordance with U.S. GAAP), current reports on Form 8-K to report the occurrence of specified significant events, and proxy statements on Schedule 14A concerning meetings of shareholders. Insiders of VERSES (including directors, officers and significant shareholders) would also be required to file public reports of their stock ownership and trading activities and would be liable for any profits from certain trades made on shares of VERSES over a short period of time.

VERSES may take advantage of the exemption from the reporting requirements under the Exchange Act provided by Rule 12g3-2(b) until such time as VERSES no longer qualifies as a foreign private issuer. VERSES would cease to be a foreign private issuer if as of the last business day of the Company's second fiscal quarter more than 50% of the Company's outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of the Company's executive officers or directors are U.S. citizens or residents; (ii) more than 50% of the Company's assets are located in the United States; or (iii) the Company's business is administered principally in the United States.

If VERSES no longer qualifies as a foreign private issuer the Company's regulatory and compliance costs would significantly increase, which could negatively affect the Company's business.

Global Economy Risk

The volatility of global capital markets over the past several years has generally made the raising of capital by equity or debt financing more difficult. The Company may be dependent upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility persist or if there is a further economic slowdown, the Company's operations, the Company's ability to raise capital and the trading price of the Company's securities could be adversely impacted.

In addition, the current outbreak of COVID, and any future emergence and spread of similar pathogens, could have a material adverse impact on global economic conditions, which may adversely impact: the market price of the Subordinate Voting Shares, the Company's operations, its ability to raise debt or equity financing, and the operations of the Company's business partners, contractors and service providers.

Dependence on Management and Key Personnel

The success of the Company will be largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. As the Company's business activities grow, the Company will require additional key financial, administrative, and technology personnel as well as additional agents and operations staff. There can be no assurance that these efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition. In addition, the COVID pandemic may cause the Company to have inadequate access to skilled workforce and qualified personnel, which could have an adverse impact on the Company's financial performance and financial condition.

Government Regulation

VERSES is currently regulated under legislation in all of the jurisdictions in which it conducts business and is licensed or registered in those jurisdictions where licensing or registration is required by law. Changes in regulatory legislation or the interpretation thereof, or the introduction of any new regulatory requirements could have a negative effect on VERSES and its operating results. There are different regulatory and registration requirements in each of the jurisdictions in Canada. VERSES takes the position that it is appropriately registered in the jurisdictions in which it conducts business, however, it may voluntarily seek additional registration in respect of its activities or from time to time regulators may adopt a different view that may require VERSES to seek additional registration. Failure to be appropriately registered could result in enforcement action and potential interruption of certain of VERSES's servicing or other activities and may result in a default under servicing agreements. This could have a material adverse effect on VERSES's business, financial condition and results of operations.

Claims and Legal Proceedings

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Reporting Issuer Status

On becoming a reporting issuer, the Company will be subject to reporting requirements under applicable securities law, the listing requirements of the NEO and other applicable securities rules and regulations. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may complete acquisitions that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any material acquisition, other than as may be described in this Prospectus, and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or assets into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

Internal controls

Effective internal controls are necessary for VERSES to provide reliable financial reports and to help prevent fraud. Although VERSES will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on VERSES under Canadian securities law, VERSES cannot be certain that such measures will ensure that VERSES will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm VERSES's results of operations or cause it to fail to meet its reporting obligations. If VERSES or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in VERSES's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Management of VERSES will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place. The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management anticipates taking a number of measures as stated above to mitigate the potential risk of fraud, including without limitation: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all significant capital expenditures must be pre-approved by the Board; and (iii) all source documents in any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes. Bank statements of VERSES will be reviewed by the Chief Financial Officer of VERSES regularly. The Board will continue to monitor the operations of VERSES, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

Risks Related to the Company's Securities

No Established Market for Securities

It is proposed that the Subordinate Voting Shares will be listed on the NEO; however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the Subordinate Voting Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. If a market does not develop or is not sustained, it may be difficult for investors to sell the Subordinate Voting Shares at an attractive price or at all. The Company cannot predict the prices at which the Subordinate Voting Shares will trade.

Speculative Nature of Investment Risk

An investment in the Company's securities carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. An investment in the Company's securities may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

Price may not Represent the Company's Performance or Intrinsic Fair Value

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability of the attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Subordinate Voting Shares on the NEO in the future cannot be predicted.

Securities or Industry Analysts

The trading market for the Subordinate Voting Shares could be influenced by research and reports that industry and/or securities analysts may publish about the Company, its business, the market or its competitors. The Company does not have any control over these analysts and cannot assure that such analysts will cover the Company or provide favourable coverage. If any of the analysts who may cover the Company's business change their recommendation regarding the Company's stock adversely, or provide more favourable relative recommendations about its competitors, the stock price would likely decline. If any analysts who may cover the Company's business were to cease coverage or fail to regularly publish reports on the Company, it could lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline.

Price Volatility of Publicly Traded Securities

The Subordinate Voting Shares and the Proportionate Voting Shares do not currently trade on any exchange or stock market and the Company has applied to list the Subordinate Voting Shares on the NEO. Securities of technology companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries.

Other factors unrelated to the Company's performance that may affect the price of the Subordinate Voting Shares include the following: the extent of analytical coverage available to investors concerning VERSES' business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Subordinate Voting Shares may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Subordinate Voting Shares; and a substantial decline in the price of the Subordinate Voting Shares that persists for a significant period of time could cause the Subordinate Voting Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Subordinate Voting Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The fact that no market currently exists for the Subordinate Voting Shares may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Subordinate Voting Shares. The market price of the Subordinate Voting Shares is affected by many other variables which are not directly related to VERSES' success and are, therefore, not within the Company's control. These include other developments that affect the market for all technology sector securities, the breadth of the public market for VERSES' Subordinate Voting Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Subordinate Voting Shares is expected to make the price of the Subordinate Voting Shares volatile in the future, which may result in losses to investors.

Dilution

Future sales or issuances of equity securities could decrease the value of the Subordinate Voting Shares, dilute Shareholders' voting power and reduce future potential earnings per Subordinate Voting Share. VERSES may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Subordinate Voting Shares) and may issue additional equity securities to finance the Company's operations, subsidiaries, acquisitions or other business projects. VERSES cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Subordinate Voting Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in VERSES' earnings per Subordinate Voting Share.

Dividends

To date, the Company has not paid any dividends on its outstanding Subordinate Voting Shares. Any decision to pay dividends on the Subordinate Voting Shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

See "*Dividend and Distributions*".

NEO Listing

In the future, the Company may fail to meet the continued listing requirements for the Subordinate Voting Shares to be listed on the NEO. If the NEO delists the Subordinate Voting Shares from trading on its exchange, the Company could face significant material adverse consequences, including: a limited availability of market quotations for the Subordinate Voting Shares; a determination the Subordinate Voting Shares are a "penny stock" which will require brokers trading in the Subordinate Voting Shares to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary market for the Subordinate Voting Shares; a limited amount of news and analysts coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

PROMOTERS

Gabriel René, Chief Executive Officer and Director of the Company and Dan Mapes, President and Director of the Company are considered to be a promoters of the Company as they took the initiative in substantially reorganizing certain aspects of the business of the Company. Please see "*Directors and Executive Officers*" for the number and percentage of each class of voting securities and equity securities of the Company beneficially owned, or controlled or directed, directly or indirectly by Mr. René and Mr. Mapes.

No promoter of the Company is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to an Order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to an Order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that promoter was acting in the capacity as director, chief executive officer or chief financial officer.

No promoter of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that promoter was acting in that capacity, or within a year of that promoter ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such promoter.

No promoter of the Company has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or Subordinate Voting Shareholder or Proportionate Voting Shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Subordinate Voting Shares or Proportionate Voting Shares, respectively, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus which has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is Crowe MacKay LLP, Chartered Professional Accountants, having its principal office at 1100 - 1177 West Hastings Street, Vancouver, BC V6E 4T5 and was appointed on April 22, 2022. The Company's former auditor, Dale Matheson Carr-Hilton Labonte LLP, which audited the auidted financial statements contained in the Prospectus, has a principal office at 1500 -1140 West Pender St., Vancouver, BC V6E 4G1.

The registrar and transfer agent for the Subordinate Voting Shares is Endeavor Trust Corporation having its principal office at Suite 702 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, set out below are or will be material contracts to which the Company or any of its subsidiaries are a party entered into prior to or since the date of incorporation of the Company and which will be in effect and material to the Company. Copies of such material contracts will be filed with the Canadian securities regulatory authorities and will be available for review under the Company's profile on SEDAR at www.sedar.com.

1. The Escrow Agreement. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

2. The Omnibus Plan. *See "Options to Purchase Securities – Omnibus Plan".*

3. The Amalgamation Agreement.

4. The Contribution Agreement.

5. The NRI SaaS Agreement.

6. The Cyberlab Purchase Agreement.

EXPERTS

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, the former auditor of the Company and the auditor of the annual financial statements of the Company and the VERSES Business included in this Prospectus, has advised the Company that it is independent of the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Certain legal matters in respect of this Prospectus have been passed upon on behalf of VERSES by DuMoulin Black LLP.

To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned company and partnership (and their partners and associates) each beneficially own, directly or indirectly, in the aggregate, less than 1% of the outstanding securities of the Company.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

However, in light of the fact that this Prospectus is being filed to allow the Company to become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and not in connection with an offering of securities, the Company believes that the remedies described in the foregoing paragraph are not applicable to the transactions described in this Prospectus.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the securities of the Company that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

SCHEDULE "A" – AUDITED FINANCIAL STATEMENTS OF THE COMPANY

Audited Consolidated Financial Statements of the Company for the period from November 19, 2020 (date of incorporation) to March 31, 2021

(See attached)

VERSES TECHNOLOGIES INC.
(Formerly CHROMOS Capital Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on November 19, 2020 to March 31, 2021

(Expressed in US dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Verses Technologies Inc. (Formerly Chromos Capital Corp.)

Opinion

We have audited the consolidated financial statements of Verses Technologies Inc. (Formerly Chromos Capital Corp.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on November 19, 2020 to March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the period from incorporation on November 19, 2020 to March 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had not yet achieved profitable operations and has an accumulated deficit of $72,802. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

May 11, 2022

VERSES TECHNOLOGIES INC. (FORMERLY CHROMOS CAPITAL CORP.)
Consolidated Statement of Financial Position
(Expressed in US Dollars)

As at	Notes		March 31, 2021
ASSETS			
CURRENT			
Cash	6	$	55,050
Prepaid deposits	3		55,664
GST Receivable			6,242
Total Assets		$	116,956
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	$	34,688
Total Liabilities			34,688
SHAREHOLDERS' EQUITY			
Share capital	4		124,131
Obligation to issue shares	4		31,808
Accumulated other comprehensive loss			(869)
Deficit			(72,802)
Total Shareholders' Equity			82,268
Total Liabilities and Shareholders' Equity		$	116,956

Nature of Business and Ongoing Concern (Note 1)

Subsequent events (Notes 4 and 9)

Approved and authorized for issue on behalf of the Board on May 11, 2022.

"Gabriel Rene" — Director

"Dan Mapes" — Director

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

VERSES TECHNOLOGIES INC. (FORMERLY CHROMOS CAPITAL CORP.)
Consolidated Statement of Comprehensive Loss
(Expressed in US Dollars)

	Notes		From Incorporation on November 19, 2020 to March 31, 2021
EXPENSES			
Management fees	3	$	39,290
Legal fees			32,513
Accounting fees			858
Bank charges			141
Net loss for the period			72,802
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		$	869
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$	(73,671)
Loss per share, basic and diluted		$	(0.01)
Weighted average number of common shares outstanding - basic and diluted			5,346,775

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

VERSES TECHNOLOGIES INC. (FORMERLY CHROMOS CAPITAL CORP.)
Consolidated Statement of Changes in Equity
(Expressed in US Dollars)

	Number of Common Shares without Par Value	Share Capital	Obligation to Issue Shares	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, November 19, 2020 (date of incorporation)	-	$ -	$ -	$ -	$ -	$ -
Shares issued on incorporation	3	1	-	-	-	1
Shares issued pursuant to private placements	6,985,998	124,130	-	-	-	124,130
Obligation to issue shares	-	-	31,808	-	-	31,808
Currency translation adjustment	-	-	-	(869)	-	(869)
Net loss for the period	-	-	-	-	(72,802)	(72,802)
Balance, March 31, 2021	**6,986,001**	**$ 124,131**	**$ 31,808**	**$ (869)**	**$ (72,802)**	**$ 82,268**

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

VERSES TECHNOLOGIES INC. (FORMERLY CHROMOS CAPITAL CORP.)
Consolidated Statement of Cash Flows
(Expressed in US Dollars)

		From Incorporation on November 19, 2020 to March 31, 2021
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$	(72,802)
Changes in non-cash working capital items:		
Prepaid deposits		(55,006)
GST Receivable		(6,169)
Accounts payable and accrued liabilities		34,279
Net cash used in operating activities		(99,698)
FINANCING ACTIVITY		
Obligation to issue shares		31,808
Shares issued for cash		124,131
Cash provided by financing activity		155,939
Effect of foreign exchange cash		(1,191)
Net change in cash		56,241
Cash, beginning of the period	$	-
Cash, end of the period	$	55,050

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

1. NATURE OF BUSINESS AND GOING CONCERN

Chromos Capital Corp. ("Chromos") was incorporated under the *Business Corporations Act* (British Columbia) on November 19, 2020.

1288098 B.C. Ltd. ("1288098") was incorporated under the *Business Corporations Act* (British Columbia) on February 8, 2021, as a fully owned subsidiary of Chromos.

Subsequent to the March 31, 2021 period end:

- On May 28, 2021, 1288098 and Verses Technologies Incorporated (a company incorporated under the *Business Corporations Act* (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses.
- On June 17, 2021, Verses Technologies Incorporated changed its name to Verses Holdings Inc. ("VHI"), and it remains a fully owned subsidiary.
- On June 17, 2021, Chromos Capital Corp. changed its name to Verses Technologies Inc. ("VTI" or "Company" or "Verses").
- On July 20, 2021, Chromos entered into a contribution agreement with Verses Technologies USA Inc. ("VTU"), a technology company located in the United States. Under the Agreement, Chromos acquired all the issued and outstanding shares of VTU by issuing 14,434,603 common shares to the shareholders of VTU.

The Company's head office, and registered and records office is located at 10th floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at March 31, 2021, the Company had not yet achieved profitable operations and has an accumulated deficit of $72,802 since its inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The outbreak of the coronavirus, also known as COVID 19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain, and as such, the Company cannot determine their financial impact at this time. COVID 19 has had a negative impact on the consolidated operation, which has resulted in a decrease in sales compared to the prior period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 11, 2022.

b) Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1288098. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated interim financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the consolidated interim financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. As of March 31, 2021, 1288098 had no operations.

The consolidated financial statements are presented in United States dollars unless otherwise noted. The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

Critical accounting judgments

- The assessment of the Company’s ability to continue as a going concern;
- The determination of categories of financial assets and financial liabilities;
- The recoverability and measurement of deferred tax assets.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments, such as guaranteed investment certificates with original maturities of three months or less. The Company did not have cash equivalents as at March 31, 2021.

e) Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income taxes (continued)

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

f) Share Capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit.

g) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

h) Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The presentation currency of the Company is the US dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Foreign currency transactions (continued)

Transactions and balances
Foreign currency transactions are recorded at the rate of exchange existing on the transaction date. Foreign currency monetary assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items measured at historical cost continued to be carried at the exchange rates at the dates of the transactions. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of is treated in line with the recognition of the gain or loss on the change in fair value of such an item.

Translation to presentation currency
The assets and liabilities of the Company are translated into US dollars at year-end exchange rates. Income and expenses, and cash flows are translated in US dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity.

i) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9 *Financial Instruments*
Cash	FVTPL
Prepaid	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial instruments (continued)

(ii) Measurement

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statement of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statement of loss.

3. RELATED PARTY TRANSACTIONS

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

During the period ended March 31, 2021, the Company paid Caerus Capital Corp. ("Caerus"), a company owned by a director of the Company $39,150 (CAD$50,000) for consulting fees. As at March 31, 2021, prepaid deposits included $55,664 (CAD$70,000) paid to Caerus for consulting fees.

During the period ended March 31, 2021, the Company issued 4,000,000 common shares to the two directors of the company for proceeds of $15,904 (CAD$20,000).

4. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued and outstanding

During the period ended March 31, 2021:

In November 2020, the Company issued 3 common shares on incorporation at $0.001.

On December 01, 2020, the Company issued 5,500,000 common shares at $0.004 (CAD$0.005) for proceeds of $21,867 (CAD$27,500) of which 4,000,002 common shares were issued to two directors of the company for proceeds of $15,904 (CAD$20,000).

On December 31, 2020, the Company issued 400,000 common shares at $0.04 (CAD$0.05) for proceeds of $15,904 (CAD$20,000).

In March 2021, the Company issued 1,085,998 common shares at $0.08 (CAD$0.10) for proceeds of $86,359 (CAD$108,600).

At March 31, 2021, the Company has the obligation to issue 400,000 common shares to Caerus, for the proceeds of $31,808 (CAD$40,000). These shares were issued subsequent to period end on April 8, 2021.

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes in the Company's approach to capital management during the period.

6. FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The carrying value of the Company's financial instruments approximate their fair values due to their short- term maturities. Cash is measured at fair value on a recurring basis based on level 1 inputs.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is not exposed to significant liquidity risk.

As at March 31, 2021, the Company had cash of $55,050 available to apply against short-term business requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. As at March 31, 2021, the Company has no transaction in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

(Expressed in US Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

For the period ended		March 31, 2021
Accounts payable	$	34,372
Accrued Liabilities	$	316
	$	34,688

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2021
Net loss	$	(72,802)
Combined statutory tax rate		27%
Expected income tax recovery at statutory rates	$	(19,656)
Benefits not recognized		19,656
Income tax expense	$	-

Significant components of deferred tax assets that have not been set up are as follows:

		2021
Share issue costs		-
Non-capital loss carryforwards	$	19,656
Unrecognized deferred tax assets		(19,656)
Net deferred tax assets	$	-

As at March 31, 2021, the Company has non-capital losses carried forward of approximately CAD$92,000, which are available to offset future years' taxable income and expire in 2041.

9. SUBSEQUENT EVENTS

On May 28, 2021, 1288098 and Verses Technologies Incorporated (a company incorporated under the *Business Corporations Act* (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses.

The Amalgamation was accounted for as an asset acquisition whereby Chromos is reflected as the accounting acquirer and the VHI as the accounting acquiree. Management has evaluated that Verses did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs; therefore, the Amalgamation was accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense to net loss. The loss on the acquisition of Verses was $709,334.

On July 20, 2021, Chromos entered into a contribution agreement with Verses Technologies USA Inc. (“VTU”), a technology company located in the United States. Under the Agreement, Chromos acquired all the issued and outstanding shares of VTU by issuing 14,434,603 common shares to the shareholders of VTU.

In October and November, Chromos issued 20,000,000 special warrants pursuant to the private placement for gross proceeds of $12,817,106 (CAD$16,000,000). Special warrants of the Company (the “Special Warrants”) at a price of CAD$0.80 per special warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a “Unit”) of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a “Unit Share”), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a “Unit Warrant”), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share of the Issuer (a “Unit Warrant Share”) at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

Issued in connection to the special warrant above, 2,604,077 Special Warrants were issued to certain arm’s length finders at a price of CAD$0.80 per special warrant. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a “Unit Share”) and one-half of one Subordinate Voting Share purchase warrant (a “Unit Warrant”), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a “Unit Warrant Share”) at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

Subsequent to March 31, 2021, the Company repaid all loans due to related parties totaling $2,417,688.

SCHEDULE "B" – MD&A OF THE COMPANY

Management's Discussion and Analysis of the Company for the period from November 19, 2020 (date of incorporation) to March 31, 2021

(See attached)

VERSES TECHNOLOGIES INC. (Formerly Chromos Capital Corp.)
Management's Discussion and Analysis
As of May 11, 2022

This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (formerly Chromos Capital Corp.) ("Company" or "VERSES") is for the period ended March 31, 2021, and is prepared by management using information available as of May 11, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the company for the year ended March 31, 2021, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

BUSINESS OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on November 19, 2020.with the objective of raising funds and be part of a three-cornered amalgamation with the Verses Holdings Inc. (formerly Verses Technologies Incorporated.) and Verses Technologies USA Inc. (formerly Verses Labs Inc.).

VERSES is a next generation technology company that is developing the COSM™ Operating System ("COSM") which accelerates next generation application development and deployment by helping manage network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web™ (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, datasets, and Artificial Intelligence ("AI") models for third party services and developers with early access in late 2022 and with scalable growth in early 2023.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, ethically-aligned network of humans, machines and AI. COSM is the network operating system for the Spatial Web and streamlines development and deployment of applications on the Spatial Web.

COSM is the spatial computing operating system which will be an inter-operating platform for developing and deploying autonomous applications on the Spatial Web. COSM is designed to be hardware and software agnostic. It will enable context-aware information and activities to be collaboratively shared between dynamic plug and play networks of devices and applications.

VERSES' initial COSM application, Wayfinder™ ("Wayfinder"), is focused on optimizing and automating warehouse operations by improving the use of space and the flow of assets via AI-assisted routing and predictive intelligence.

VERSES invests heavily in research and development with activities centered around developing a Spatial Web Operating System for improving the enrichment and flow of context between systems. This includes ongoing exploration of the following:

- Spatial Domain Name System for routing queries to the appropriate endpoints and serving spatial content
- Spatial Domain Registries and Spatial Web Search capabilities and services
- Mapping information and sensor data streams as graph relationships and interdependencies
- Transcribing regulatory policies and into machine executable code
- Defining requirements and restrictions as parameters for generating adaptive goal-oriented pathways and emergent solutions
- Developing machine learning models, and algorithms to simulate and optimize routing, inventory volume and placement as well as curation, delegation, scheduling, and sequencing of recommended actions

The majority of research and development is performed in-house supplemented by subcontractors who are domain experts in their respective fields (i.e. self sovereign identity, blockchain, active inference). Additional effort is spent learning how to apply and configure these general offerings to specific problems in different industries.

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (e.g. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

Intangible properties

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Regulatory Environment

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

Because our software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally-identifiable data, we make best efforts to comply with data privacy and security laws applicable to each location and/or sector that we participate in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and other rulesets. We are not only sensitive to the importance of these regulations, and routinely employ "privacy by design" when crafting our various applications and service offerings. In fact, we specifically designed COSM to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally-identifiable data of third parties. As a result, we have established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Highlights

VERSES entered into agreements with Volvo, Honeywell and AstraZeneca in 2021 to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on the COSM operating system. VERSES has a teaming agreement with Deloitte, one of the world's largest system integrators, to bring solutions to Deloitte clients and for Deloitte to lead implementations of Wayfinder and COSM to such clients. VERSES developed an active pipeline of potential clients and customers including, without limitation, Fortune 500 companies such as Mars, Johnson & Johnson, Daimler and P&G.

On August 25, 2021, VERSES entered into a service agreement with NRI Distribution to roll out Wayfinder and COSM into NRI Distribution's warehousing operations. The service agreement with NRI Distribution has a term of 11 years.

In October and November, issued 20,000,000 special warrants pursuant to the private placement for gross proceeds of $12,864,838 (CAD$16,000,000). Special warrants of the Company (the "Special Warrants") at a price of CAD$0.80 per special warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a "Unit Warrant"), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share of the Issuer (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

Subsequent to March 31, 2021, the Company repaid all loans due to related parties totalling $2,417,688.

On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

<u>*SELECTED FINANCIAL INFORMATION*</u>

The following table sets forth selected financial information from the inception on November 19, 2020 to the year ended March 31, 2021 ("Fiscal 2021"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Fiscal 2021
Total revenue	$ Nil
Net comprehensive loss for the fiscal year	(73,671)
Loss per share, basic and fully diluted	(0.01)
Total assets	116,956
Total liabilities	$ (34,688)

The following table provides an overview of the financial results in Fiscal 2021:

	Fiscal 2021
Operating expenditures:	
Management fees	39,290
Legal Fees	32,513
Accounting and audit fees	858
Other general and administrative expenses	141
	72,802
Profit before other income (loss)	(72,802)
Foreign exchange difference from translation	(869)
Net Loss and Comprehensive Loss for the Year	$ (73,671)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $73,671 in Fiscal 2021. Losses were mainly related to management and legal fees incurred in the period.

Operating expenses

Operating expenses were $72,802 in Fiscal 2021, as follows:

	Fiscal 2021
Management fees	$ 39,290
Legal Fees	32,513
Other general and administrative expenses	999
Total	$ 72,802

- Management fees of $39,150 is related to fees paid under the financial advisor consulting agreement with Caerus Capital Partners Inc., a non arm's-length company owned by one director of the company.
- Legal Fees of $32,513 is related to general corporate and commercial matters.

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal 2021
Cash used in operating activities	$ (99,698)
Cash provided by financing activities	155,939
Effect of foreign exchange translation	(1,191)
Net (decrease) increase in cash and cash equivalents	$ 55,050

Cash used in operating activities is comprised of net loss and net change in non-cash working capital items. Cash used in operating activities was $99,698 in Fiscal 2021.

The cash provided by financing is from the issuance of shares with net proceeds of $155,939. Of which, $124,131 is from net proceeds from the issuance of shares and $31,808 is related to subscriptions received in advance.

As of March 31, 2021, the Company had working capital of $82,268.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	**The date of this MD&A**	**Fiscal 2021**
Shares issued on incorporation	-	2
Common shares from private placement	-	6,985,998
Shares issued to Class A shareholders	40,382,512	-
Shares issued to Class B shareholders	10,000,000	-

OUTSTANDING WARRANTS

As at	**Notes**	**The date of this MD&A**	**Fiscal 2021**
Warrants	(1)	1,250,000	-
Finder Warrants	(2)	1,601,000	-
Warrants	(3)	11,302,035	-
		14,153,035	-

Notes:

(1) Issued pursuant to the Amalgamation to a service provider of Former VERSES. Each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.

(2) Issued in connection with the Special Warrant Financing in October and November 2021.

(3) Issued in connection with the Special Warrant Financing. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "Unit Share") and one-half of one Subordinate Voting Share purchase warrant (a "Unit Warrant"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

	Fiscal 2021
Management fees, Caerus Capital Partners Inc.	$39,150

During Fiscal 2021, the Company paid Caerus Capital Partners Inc., a company owned by a director of the Company $39,150 for consulting fees. As at March 31, 2021, prepaid deposits included $55,664 paid to Caerus Capital Partners Inc. for consulting fees.

FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

· Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

· Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

· Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The carrying value of the Company's financial instruments approximate their fair values due to their short- term maturities. Cash is measured at fair value on a recurring basis based on level 1 inputs.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is not exposed to significant liquidity risk.

As at March 31, 2021, the Company had cash of $55,050 available to apply against short-term business requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. As at March 31, 2021, the Company has no transaction in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

TRANSACTIONS

On May 28, 2021, a fully owned subsidiary of Chromos 1288098 B.C. Ltd. ("12880998"), a company incorporated under the Business Corporations Act (British Columbia), and Verses Technologies Incorporated (a company incorporated under the Business Corporations Act (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses.

The Amalgamation was accounted for as an asset acquisition whereby Chromos is reflected as the accounting acquirer and VHI as the accounting acquiree. Management has evaluated that Verses did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs; therefore, the Amalgamation was accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense to net loss. The loss on the acquisition of Verses was $709,334.

In June 2021, the Company entered into a Contribution Agreement with Verses Technologies Inc. ("VTI"), a non-arms length company. Pursuant to the Contribution Agreement, the Company's shareholders exchanged all their outstanding common shares for common shares of VTI on July 20, 2021. This transaction will be accounted for as a reverse takeover, whereby the Company is reflected as the accounting acquirer and VTI as the accounting acquiree. Management has evaluated that VTI did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs. Consequently, the transaction was accounted for as an acquisition of VTI's net assets by the issuance of shares of the Verses Technologies Inc. to Verses Technologies USA, Inc's shareholders.

In June 2021, Verses Technologies Incorporated changed its name to Verses Holdings Inc. Also in June 2021, Chromos Capital Corp. changed its name to Verses Technologies Inc.

The fair value of the shares that will be held by shareholders of VTI was determined based on there being 14,434,604 common shares issued and outstanding as of the date of the Transaction. The fair value of the common shares was determined using a price of $0.32 (CAD $0.40) per share being the price of the June 1, 2021 financing.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the unaudited condensed interim financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventive or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated on November 19, 2020 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. There may be factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. Forward-looking statements are not a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.

SCHEDULE "C" – UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE COMPANY

Unaudited Interim Financial Statements of the Company for the nine months ended December 31, 2021

(See attached)

VERSES TECHNOLOGIES INC.
(Formerly Chromos Capital Corp.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021 and 2020
(Unaudited - Expressed in United States dollars)

VERSES TECHNOLOGIES INC. (Formerly Chromos Capital Corp.)
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in United States dollars)

As at	Notes	December 31, 2021	March 31, 2021
ASSETS			
CURRENT			
Cash		$ 9,648,750	$ 136,172
Restricted cash	3	193,275	735,113
Accounts receivables		158,001	5,690
Contract Asset	5	1,042,510	-
Tax receivable		19,863	12,272
Prepaid expenses	13	93,948	20,000
		11,156,347	909,247
Equipment		89,928	-
TOTAL ASSETS		$ 11,246,275	$ 909,247
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT			
Accounts payable and accrued liabilities		$ 572,830	$ 1,167,700
Deferred Grant	3	158,058	626,596
Deferred revenue		50,000	-
Due to Cyberlab LLC	6, 8	-	1,590,515
SAFE	11	1,000,000	3,113,000
		1,780,888	6,497,811
Loans payable	7	148,476	547,879
TOTAL LIABILITIES		1,929,364	7,045,690
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10	6,812,741	100
Obligation to issue shares	10	12,550,398	-
Contributed surplus		127,393	-
Foreign exchange		(357,287)	-
Deficit		(9,816,334)	(6,136,543)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		9,316,911	(6,136,443)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		$ 11,246,275	$ 909,247

Nature of Business and Going Concern (note 1)
Subsequent events (note 19)

Approved and authorized for issue on behalf of the Board on May 31, 2022.

" Gabriel Rene "
Director

" Dan Mapes "
Director

VERSES TECHNOLOGIES INC. (Formerly Chromos Capital Corp.)
Consolidated Interim Statements of Comprehensive Loss
For the nine months ended December 31, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	Notes	December 31, 2021	December 31, 2020
REVENUES	4	$ 2,754,510	$ 57,200
COST OF SALES		(1,744,371)	(463,287)
		1,010,139	(406,087)
EXPENSES			
Bank charges		11,232	3,983
Legal fees		193,537	16,525
Marketing		288,985	-
Consulting fees		409,548	-
Management fees	6	1,136,465	536,134
Professional fees		209,141	-
Office and general		225,222	41,180
Insurance		40,733	-
Rent		61,054	192,420
Investor relations		26,390	-
Share based compensation		-	25,000
Travel		172,812	5,199
		$ (2,775,119)	$ (820,441)
OTHER ITEMS:			
Interest expense		(129,791)	(215,511)
Accretion expense		-	7,106
Financing fee		(27,500)	-
Other income	15	499,403	-
Grant Income	3	463,326	-
Corporate taxes		(1,600)	-
Listing expense	14	(2,718,649)	-
NET COMPREHENSIVE LOSS FOR THE PERIOD		$ (3,679,791)	$ (1,434,933)
Loss per Share, basic and diluted		$ (0.20)	$ (0.14)
Weighted average number of common shares outstanding		18,707,471	10,000,000

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

VERSES TECHNOLOGIES INC. (Formerly Chromos Capital Corp.)11208227
Consolidated Interim Statements of Changes in Equity
For the nine months ended December 31, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	Number of Common Shares	Share capital	Obligation to issue shares	Contributed Surplus	Foreign exchange	Deficit	TOTAL SHAREHOLDERS' EQUITY
March 31, 2020	**10,000,000**	**$ 100**	**$ -**	**$ -**	**$ -**	**$ (3,608,389)**	**$ (3,608,289)**
Net loss	-	-	-	-	-	(2,528,154)	(2,528,154)
March 31, 2021	**10,000,000**	**$ 100**	**$ -**	**$ -**	**$ -**	**$ (6,136,543)**	**$ (6,136,443)**
Issuance of Shares	608,695	280,000	-	-	-	-	280,000
SAFE conversion to shares	4,336,137	1,994,622	-	-	-	-	1,994,622
Shares issued to acquire Verses Technologies Inc.	14,434,603	4,538,019	-	-	-	-	4,538,019
Issuance of warrants	-	-	12,550,398	-	-	-	12,550,398
Contributed Surplus	-	-	-	127,393	-	-	127,393
Foreign exchange difference from translation	-	-	-	-	(357,287)	-	(357,287)
Net loss	-	-	-	-	-	(3,679,791)	(3,679,791)
December 31, 2021	**29,379,435**	**$ 6,812,741**	**$ 12,550,398**	**$ 127,393**	**$ (357,287)**	**$ (9,816,334)**	**$ 9,316,911**

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

VERSES TECHNOLOGIES INC. (Formerly Chromos Capital Corp.)
Consolidated Interim Statements of Cash Flows
For the nine months ended December 31, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	December 31, 2021	December 31, 2020
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (3,679,791)	$ (1,427,827)
Adjustments to income		
Adjustment to retained earnings due to RTO	(1,351,237)	-
Safe discharge	(118,378)	-
Issuance of shares for the acquisition of VTI	4,538,019	-
Listing costs	1,478,629	25,000
Insurance expense	40,733	-
Contract asset	(1,042,510)	-
Foreign exchange	(357,827)	373
Interest expense and financing fees	157,290	158,576
Promissory note converted to SAFEs	-	40,000
Changes in non-w/c items		
Accounts Receivable	(159,902)	(20,002)
Prepaid expenses	(114,681)	-
Accounts payable and accrued liabilities	(594,868)	1,104,009
Deferred grant	(418,539)	-
	(1,622,522)	(119,871)
INVESTING ACTIVITIES		
Investment in equipment	(89,928)	-
	(89,928)	-
FINANCING ACTIVITY		
Repayments on loans	(2,422,208)	(477,025)
Repayment of promissory notes	-	(36,000)
Proceeds from loan issuances	275,000	432,400
Promissory notes contributed surplus	-	(14,959)
Issuance of shares	280,000	-
Proceeds from issuance of SAFEs	-	1,732,000
Proceeds from issuance of special warrants	12,550,938	-
	10,683,190	1,636,416
Net change in cash	$ 8,970,740	$ 1,516,545
Cash and restricted cash, beginning of the period	871,285	4,348
Cash and restricted cash, end of the period	$ 9,842,025	$ 1,520,893

1. NATURE OF BUSINESS AND GOING CONCERN

Chromos Capital Corp. ("Chromos") was incorporated under the *Business Corporations Act* (British Columbia) on November 19, 2020.

1288098 B.C. Ltd. ("1288098") was incorporated under the *Business Corporations Act* (British Columbia) on February 8, 2021, as a fully owned subsidiary of Chromos.

On May 28, 2021, 1288098 and Verses Technologies Incorporated (a company incorporated under the *Business Corporations Act* (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 B.C. Ltd. and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos (Note 13).

On June 17, 2021, Verses Technologies Incorporated changed its name to Verses Holdings Inc.

Also on June 17, 2021, Chromos Capital Corp. changed its name to Verses Technologies Inc. ("VTI" or "Company").

Verses Holdings Inc. remains a fully owned subsidiary of Verses Technologies Inc.

The Company's head office, and registered and records office is located at 10th floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

On June 21, 2021, the Company entered into a Contribution Agreement (the "Contribution Agreement) with Verses Technologies USA Inc. (formerly Verses Labs Inc.) ("VTU"). Pursuant to the Contribution Agreement, the VTU's shareholders exchanged all their outstanding common shares for common shares of the Company (the "Transaction"). The Transaction was completed July 20, 2021. The Transaction is accounted for as a reverse takeover whereby the VTU is reflected as the accounting acquirer and the Company as the accounting acquiree. Management has evaluated that the Company did not meet the definition of a business as defined by IFRS 3 as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted as an acquisition of the Company's net assets by the issuance of shares of the VTU to the Company's shareholders.

For the period ended December 31, 2021, the Company incurred a net comprehensive loss of $3,679,791 which was funded by the issuance of special warrants. As of December 31, 2021, the Company has an accumulated deficit of $9,816,334. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The above factors and the necessity that the Company raise sufficient funds to carry out its growth plans are conditional, in part, on the continuation of its agreements and investor support. The material uncertainty raised by these events and conditions may cast significant doubt about the Company's ability to continue as a going concern. These consolidated interim financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern. In such circumstances, the Company would be required to realize its assets and discharge its liabilities outside of the normal course of business, and the amounts realized could differ materially from those reflected in the accompanying consolidated interim financial statements.

(Unaudited - Expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated interim financial statements for the fiscal year ended March 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 31, 2022.

b) Basis of presentation

The consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements.

c) Consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. The results of the subsidiaries will continue to be included in the consolidated interim financial statements of the Company until the date that the Company's control over the subsidiaries 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.

Details of the Company's principal subsidiaries at December 31, 2021 and March 31, 2021 are as follows:

Name	Place of Incorporation	December 31, 2021 Interest %	March 31, 2021 Interest %
Verses Technologies USA, Inc. (formerly Verses Labs Inc.) ("VTU")	Wyoming, USA	100%	0%
Verses Holdings Inc. ("VHI")	British Columbia, CA	100%	100%
Verses Logistics Inc. ("VLOG")	Wyoming, USA	100%	0%
Verses Real Estate Inc. ("VRE")	Wyoming, USA	100%	0%
Verses Realities Inc. ("VRI")	Wyoming, USA	100%	0%
Verses Inc. ("VINC")	Wyoming, USA	100%	0%
Verses Health Inc. ("VHE")	Wyoming, USA	100%	0%
Verses Global BV ("VBV")	Netherlands	100%	0%

All intercompany balances and transactions were eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. The company entered into agreements for both Proof of Concept and Software-as-a-Service which are longer in nature, and the company has recorded a contract asset which is representative of receivables from the agreements not yet billed to the customer.

e) Contract assets

The timing of revenue recognition, billings and cash collections results in accounts receivables and unbilled receivables, representing the contract assets. Generally, billings occur subsequent to revenue recognition, resulting in the recognition of accounts receivables. The Company's contract assets relate to performance obligations completion as defined in agreements with customers not yet billed. Unbilled receivables will be billed, and transferred to accounts receivable, in accordance with the agreed-upon contractual terms.

f) Revenue recognition

The Company's revenue is primarily derived from licensing its development of spatial web software to customers and government organizations, providing customization to its core software and performing ongoing maintenance and consulting services. The Company recognizes revenue in accordance with IFRS 15 "Revenue from Contracts with Customers".

Revenue is recognized upon the satisfaction of performance obligations. Performance obligations are satisfied at the point at which control of the promised goods or services are transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive for those goods and services.

i. Software Revenue

The Company provides the right to access software licenses and module customization services (collectively "Software Services"), which are not considered distinct from each other as the customer is unable to receive economic benefit from the utilization of the software until completion and installation of the modules. Revenue is generally recognized progressively by the reference to the stage of completion of the module customization. If it is determined that Software Services are not distinct from other performance obligations, revenue is recognized over time as the customer simultaneously receives and consumes the benefit.

ii. Maintenance Revenue

The Company offers monthly maintenance services, which are distinct from other services and products offered. Monthly maintenance services consist primarily of telephone consulting, product updates, the release of new product versions previously purchased by a customer, error reporting and correction services. Maintenance revenue is recognized on a monthly basis as maintenance services are offered to customers.

iii. Services Revenue

The Company provides claim processing and other consulting services which are distinct form other services and products offered. Services revenue is recognized as services are provided.

(Unaudited - Expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Grants

Government assistance consists of grants received under the Innovation and Networks Executive Agency ("INEA"), under the powers delegated by the European Commission. Government assistance is recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the period the expense costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the cost of the asset is reduced by the amount of the grant and the grant is recognized as income in equal amounts over the expected useful life of the asset.

3. DEFERRED GRANT

The Company's subsidiary, Verses Global BV, entered into a grant agreement (alongside other beneficiaries) with the INEA, which is delegated under the European Commission.

Under the grant agreement, Verses Global BVI received $836,393 (€712,222) upon the execution of the agreement. The funds under this agreement are to reimburse the Company for amounts spent on the project. The Company is required to submit their costs related to the project and only approved expenses under the project are reimbursed.

		December 31, 2021
Balance, beginning of the period	$	626,596
Expenses on the project		(463,236)
Foreign exchange adjustment		(5,302)
Balance, end of the period	$	158,058

4. REVENUE

Revenues are recognized at the point in time the Company has provided services to customers. Programming and software development contracts extending over multiple months are recognized in revenue as related core customization and installation of modules, and subsequent maintenance services are provided to the Company's customers. Revenue relating to ongoing contracts is recognized on a monthly basis as services are performed. The Company has elected to adopt the practical expedient of IFRS 15 to not disclose information about remaining performance obligations that have an expected duration of less than one year.

All of the Company's revenue is earned in the United States.

Customers accounting for more than 10% of net revenue are as listed below:

For the year ended	December 31, 2021	December 31, 2020
Customer A	92%	35%
Customer B	-	65%

(Unaudited - Expressed in United States dollars)

5. CONTRACT ASSET

		December 31, 2021
Contract assets, beginning	$	-
Contract revenue earned		2,694,510
Invoices applied to contract assets		(1,652,000)
Contract assets, ending	$	1,042,510

Contract assets for significant customers are listed below:

Customer A

For the period ended		**December 31, 2021**
Opening balance	**$**	**-**
Revenue Recognized that was included in the contract asset		
Project setup - customized system integration (a)		1,800,000
Warehouses rollout (b)		225,000
Software-as-a-Service (c)		235,510
Software maintenance (d)		200,000
		2,460,510
Invoices billed that were applied to the contract asset		(1,500,000)
Contract Asset for Customer A, ending	**$**	**960,510**

(a) Project setup - customized system integration was finalised and handed off to the client upon proof of concept for picking efficiency and slot optimization testing. The handoff included:
   (i) custom application programming interfaces (“APIs”) and integration with the Wayfinder software, testing, refining, and providing final validation and quality assurance testing;
   (ii) map business process and dataflow as required for the design of the product integration;
   (iii) data cleanup;
   (iv) unique digital twin creation of first warehouse, including development of template and documentation for subsequent rollouts;
   (v) site routing capabilities established;
   (vi) creating customer provisioning of customized and robust hosting environment, including business continuity plan;
   (vii) mobile application development, testing and deployment; and
   (viii) mobile design activities (user interface and user experience).

(b) Represent the rollout of the Wayfinder solution to additional customer warehouses where the system is successfully implemented and actively utilized by the customer.

(c) Includes cloud based delivery via a hosted, subscription-based solution, basic support services, initial training, product updates, and documentation.

(d) Includes support for service reporting and performance and incident management.

(Unaudited - Expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the year ended	December 31, 2021	December 31, 2020
Management fees	$ 730,855	$ 375,973
Special warrants	$ 519,883	-

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at December 31, 2021, were amounts totaling $36,642 due to key management personnel (December 31, 2020 – $420,722).

At December 31, 2021, the Company has a loan totalling $2,130 (2020 – $250,000) with an Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is unsecured and was paid in full in January, 2022. (Note 7)

At December 31, 2021, the Company has a loan of $nil (2020 – $152,230) with the Vice President of Technology. The loan bears an annual interest rate of 10% compounded daily.(Note 7)

At December 31, 2021, the Company has a loan of $nil (2020 - $74,947) with Green Soma, a company owned by a director. The loan is unsecured and bears an annual interest rate of 10% compounded daily.(Note 7)

At December 31, 2021, the Company has a loan of $nil (2020 - $1,593,085 with Cyberlab, LLC ("Cyberlab"), a company owned by the President and Founder. T The loan is unsecured and bears interest rate at a 10.52% effective rate (Note 8).

(Unaudited - Expressed in United States dollars)

7. LOANS

Loan activity consisted of the following:

For the period ended	December 31, 2021	March 31, 2021
Balance, beginning of the period	$ 547,879	$ 252,335
Additions	275,000	432,400
Repayment	(739,043)	(165,666)
Financing expenses	29,500	-
Interest expense	35,139	28,810
Balance, end of the period	$ 148,475	$ 547,879

For the period ended December 31, 2021, the Company entered into the following loan agreements:

(i) On July 1, 2021, the Company received a $125,000 loan from a related party. The loan is unsecured and has an annual interest rate of 10% starting on February 1, 2021 and 10% financing fee, and requires monthly payments of $20,833 including interest. The loan was repaid in full in January, 2022.

(ii) On July 30, 2021, the Company received a $150,000 loan from a related party. The loan is unsecured and has an annual interest rate of 10% starting on February 1, 2021 and 10% financing fee, and requires monthly payments of $20,833 including interest. The loan was repaid in full in January, 2022.

For the period ended March 31, 2021, the Company entered into the following loan agreements:

(i) On June 5, 2020, the Company received a $142,400 loan from the U.S. Small Business Administration. The loan is unsecured and bears interest of 3.75% per annum and requires monthly payments of $646 starting in June 2021.

(ii) On October 1, 2020, the Company received a $40,000 loan from a related party. The loan is unsecured and bore interest at 10% for a total of $4,000. The loan was repaid on November 12, 2020.

(iii) On December 16, 2020, the Company received a $250,000 loan from a related party. The loan is unsecured and has an annual interest rate of 10% starting on February 1, 2021, and requires monthly payments of $20,833 including interest. The loan was repaid in full in January, 2022.

8. DUE TO CYBERLAB LLC

The Company purchased software and intellectual property (“IP”) from Cyberlab, a company owned by a director, for $1,500,000 and entered into a loan agreement as part of the purchase. The software and IP were not completed and did not meet the definition of an asset, therefore the Company expensed the IP upon purchase. In addition, the loan balance was impacted by operating transactions between Cyberlab and Verses. The loan is unsecured and bears interest rate at a 10.52% effective rate. The loan does not require a minimum amount of repayments to be made. However, the Company is required to pay back the loan in full, including interest, on or before March 31, 2025.

Changes to the loan is as follows:

As at	December 31, 2021	March 31, 2021
Balance, beginning of the year	$ 1,590,515	$ 1,846,376
Repayment	(1,683,166)	(436,525)
Interest	90,440	180,664
Balance, end of period	$ -	$ 1,590,515

(Unaudited - Expressed in United States dollars)

9. COMMITMENTS

In the case of a liquidity event of a subsidiary of the Company, which includes an initial public offering; acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated, a royalty payment is to be paid by Verses Technologies USA Inc. to Cyberlab, in the amount of 10% of its interest in said liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") after a plan is established, to qualifying consultants and employees at terms to be determined at grant date based on the market price of the Company's shares.

Equity Compensation Type	Company	Equity Incentive Units
Options, RSU or DSU	Verses Technologies Inc.	17,342,017
Warrants	Verses Global BV	802,176
Warrants	Verses Logistics Inc.	1,062,820
Warrants	Verses, Inc.	2,262,829

10. SHARE CAPITAL

On March 28, 2021, the Company adopted an amended Articles of Incorporation to create Class A and Class B common share classes, whereby each share of the Company's common stock currently outstanding will automatically be reclassified, changed and converted into one share of Class B common stock. Each shareholder of Class A shall be entitled to one vote for each share. Each shareholder of Class B shall be entitled to 6.25 votes for each share.

a) Authorized common shares
There are a total number of 100,000,000 Class A common shares and 10,000,000 Class B common shares authorized for issue at a par value of $0.00001.

b) Issued
At December 31, 2021, the Company had 10,000,000 Class B common shares issued and outstanding (March 31, 2021 – 10,000,000) and 19,379,435 Class A common shares.

c) At December 31, 2021, the Company has the obligation to issue 10,000,000 common shares to investors and 1,003,077 regarding finder's fees warrants, for the proceeds of $12,550,398 (CAD$16,000,000).

(Unaudited - Expressed in United States dollars)

11. SAFE

As a key source of financing, the Company issued SAFEs.

SAFEs consist of the following:

As at	December 31, 2021	March 31, 2021
Balance, beginning of the period	$ 3,113,000	$ 999,000
Additions - Equity compensation	-	297,000
Additions – Promissory notes	-	82,000
Additions – Investors	-	735,000
Additions – Investors subsidiary	-	1,000,000
SAFE conversion into Common Shares	(1,994,622)	-
SAFE discharge	(118,378)	-
Balance, end of the period	$ 1,000,000	$ 3,113,000

For the period ended December 31, 2021, the SAFE activity is described as follows:

(i) The Company converted SAFEs worth $1,994,622 into Common Shares.

(ii) The Chief Commercial Officer discharged SAFEs worth $118,378.

For the year ended March 31, 2021, the SAFE activity is described as follows:

(i) The Company issued SAFEs worth $97,000 to certain contractors and investors, and $200,000 to the Chief Commercial Officer as equity compensation.

(ii) The Company issued SAFEs worth $82,000 to holders of promissory notes as settlement of the debt.

(iii) The Company issued SAFEs to investors for total proceeds of $735,000.

(iv) The Company's subsidiary, VLOG, issued a SAFE worth $1,000,000 to an investor for proceeds received in the subsidiary.

12. WARRANTS

During the period ended December 31, 2021, the Company issued 20,000,000 Special Warrants (the "Special Warrants") pursuant to a private placement for gross proceeds of $12,817,106 (CAD$16,000,000) at a price of CAD$0.80 per Special Warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant entitling the holder to acquire Class A Subordinate Voting shares of the Issuer at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

(Unaudited - Expressed in United States dollars)

12. WARRANTS (continued)

The warrants balance consisted of the following:

As at	Notes	December 31, 2021	December 31, 2020
Warrants	(1)	1,250,000	Nil
Special Warrants	(2)(3)	21,003,077	Nil
Finder Warrants	(4)	1,601,000	Nil
Warrants	(4)	11,302,035	Nil
		35,156,112	Nil

Notes:
1. Issued pursuant to the Amalgamation to a service provider of VHI. Each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.
2. Issued under the Special Warrant Financing.
3. 1,003,077 Special Warrants were issued to certain arm's length finders.
4. Issued in connection with the Special Warrant Financing.

13. PREPAID EXPENSES

Prepaid expenses consisted of the following:

For the period ended	December 31, 2021	March 31, 2021
Balance, beginning of the year	$ 20,000	$ 246,420
Retainer deductions	(20,000)	-
Lease credit payment	-	(246,420)
Retainer fee	13,000	20,000
Subscriptions	28,425	-
Insurance premium	52,523	-
Balance, end of the period	$ 93,948	$ 20,000

14. LISTING EXPENSE

On June 21, 2021, the Company entered into a Contribution Agreement with Verses Technologies USA, Inc. (formerly Verses Labs Inc.). Pursuant to the Contribution Agreement, the VLI's shareholders exchanged all their outstanding common shares for common shares of the Company ("the Transaction"). The Transaction was completed July 20, 2021. The Transaction is accounted for as a reverse takeover whereby the VLI is reflected as the accounting acquirer and the Company as the accounting acquiree. Management has evaluated that the Company did not meet the definition of a business as defined by IFRS 3 as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted as an acquisition of the Company's net assets by the issuance of shares of the VLI to the Company's shareholders.

(Unaudited - Expressed in United States dollars)

14. LISTING EXPENSE (continued)

The fair value of the shares that will be held by shareholders of the Company was determined based on there being 14,434,603 common shares issued and outstanding as of the date of Transaction. The fair value of the common shares was determined using a price of $0.40 per share being the price of the June 1, 2021 financing.

The VTI share capital and retained earnings has been eliminated subsequent to the Transaction. The cost of the Transaction in excess of the net assets of the Company has been reflected as an expense, being the cost of obtaining a listing of the Company's shares on the NEO Exchange Inc. as follows:

Total purchase price		
Common shares issued	$	4,538,019
	$	4,538,019
Net assets acquired		
Assets acquired		
Cash and cash equivalents	$	1,295,203
Advances to Verses Technologies USA, Inc.		500,000
Other current assets		52,675
Accounts payable and accrued liabilities		(28,508)
Net assets acquired		1,819,370
Listing Expense	**$**	2,718,649

On May 28, 2021, Chromos Capital Corp's wholly owned subsidiary. 1288098 B.C. Ltd. and Verses Technologies Incorporated (a company incorporated under the Business Corporations Act (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 B.C. Ltd. and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses Technologies Incorporated.

The amalgamation was accounted for as an asset acquisition whereby Verses Technologies Inc. is reflected as the accounting acquirer and Verses Holdings Inc. as the accounting acquiree. Management has evaluated that Verses Technologies Inc. did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs; therefore, the Amalgamation was accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense to net loss. As Verses Technologies Inc. is deemed to be the accounting acquirer for accounting purposes, these consolidated interim financial statements present the historical financial information of Verses Holdings Inc. since the date of the amalgamation.

(Unaudited - Expressed in United States dollars)

14. LISTING EXPENSE (continued)

Cost of Amalgamation		
Fair value of shares held by Chromos Capital Corp. shareholders	$	2,233,991
Fair value of warrants issued to Verses Holdings Inc. shareholders		316,617
Legal and professional fees related to the amalgamation		19,450
		2,570,057
Fair Value of Chromos assets acquired, net of liabilities		
Cash		1,860,816
GST receivable		6,020
Prepaid deposit		8,275
Accounts payable		(14,387)
		1,860,724
Loss on purchase of Verses Technologies Incorporated	$	709,334

The fair value of the shares issued is $0.32 (CAD$0.40) based on the price of the most recent financing of the Company.

The Company assumed 1,250,000 share purchase warrants exercisable at a price of $0.32 (CAD$0.40) per share expiring on April 15, 2026. The fair value of share-purchase warrants was $316,617, estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.90%
Estimate life	4.88 years
Expected volatility	106%
Expected dividend yield	0%

Prior to the amalgamation, Verses Technologies Incorporated paid Caerus Capital, a company owned by a director of the Company $112,940 (CAD136,500) for consulting fees in cash consideration. The Company also paid an additional $107,562 (CAD$130,000) in share consideration to Caerus Capital in regards to termination of a consulting contract.

15. OTHER INCOME

Supplier debt included in accounts payable and SAFE balance was waived by the suppliers of Verses, in exchange for revised contracts which included the potential for future equity compensation consisting of stock options, warrants, RSUs, DSUs.

Other income and expenses consisted of the following:

For the period ended		December 31, 2021
Gain on the settlement of accounts payable		377,737
SAFE discharge		118,378
Others		3,288
Balance, end of the period	$	499,403

16. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in note 9.

As at December 31, 2021, the Company had cash of $9,648,750, accounts payable and accrued liabilities of $572,830 and loans payable of $148,476. All accounts payable and accrued liabilities are due within 30 days.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in Euros and in Canadian dollars, and is therefore exposed to exchange rate fluctuations. At December 31, 2021, the Company had nil net financial liabilities denominated in Euros and $276,742 in net assets denominated in CADs.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. At December 31, 2021, the Company does not hold any liabilities that are subject to interest.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

17. SUBSEQUENT EVENTS

On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

SCHEDULE "D" – INTERIM MD&A OF THE COMPANY

Management's Discussion and Analysis of the Company for the nine months ended December 31, 2021

(See attached)

This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (formerly Chromos Capital Corp.) ("Company" or "VERSES") is for the period ended December 31, 2021, and is prepared by management using information available as of May 31, 2022. This MD&A should be read in conjunction with the reviewed consolidated financial statements of the company for the period ended December 31, 2021, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

BUSINESS OVERVIEW

The Corporation was incorporated under the Business Corporations Act (British Columbia) on November 19, 2020.

VERSES is a next generation technology company that is developing the COSM™ Operating System ("**COSM**") which accelerates next generation application development and deployment by helping manage network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web™ (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, datasets, and Artificial Intelligence ("**AI**") models for third party services and developers with early access in late 2022 and with scalable growth in early 2023.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, ethically-aligned network of humans, machines and AI. COSM is the network operating system for the Spatial Web and streamlines development and deployment of applications on the Spatial Web.

COSM is the spatial computing operating system which will be an inter-operating platform for developing and deploying autonomous applications on the Spatial Web. COSM is designed to be hardware and software agnostic. It will enable context-aware information and activities to be collaboratively shared between dynamic plug and play networks of devices and applications.

VERSES' initial COSM application, Wayfinder™ ("**Wayfinder**"), is focused on optimizing and automating warehouse operations by improving the use of space and the flow of assets via AI-assisted routing and predictive intelligence.

VERSES invests heavily in research and development with activities centered around developing a Spatial Web Operating System for improving the enrichment and flow of context between systems. This includes ongoing exploration of the following:

- Spatial Domain Name System for routing queries to the appropriate endpoints and serving spatial content
- Spatial Domain Registries and Spatial Web Search capabilities and services
- Mapping information and sensor data streams as graph relationships and interdependencies
- Transcribing regulatory policies and into machine executable code
- Defining requirements and restrictions as parameters for generating adaptive goal-oriented pathways and emergent solutions
- Developing machine learning models, and algorithms to simulate and optimize routing, inventory volume and placement as well as curation, delegation, scheduling, and sequencing of recommended actions

The majority of research and development is performed in-house supplemented by subcontractors who are domain experts in their respective fields (i.e. self sovereign identity, blockchain, active inference). Additional effort is spent learning how to apply and configure these general offerings to specific problems in different industries.

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (e.g. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

Intangible properties

VERSES recognizes the importance of its intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries. The following are patents, copyrights, trademarks and other intangible property relevant to the Company's business:

Patents

- Smart Cart patent application 63/360,286 filed on September 21, 2021

Copyrights

- Source code for COSM and all software applications, APIs, adaptors, patches and libraries
- HyperSpace Transfer Protocol (HSTP) specifications, schematics and other documentation
- HyperSpace Markup Language (HSML) specifications, schematics and other documentation
- Proprietary images and logo designs
- Sales and marketing collateral
- Technical and investor presentations

Trademarks

- USPTO Registration No. 5838650 ("VERSES") in Cl 42 (Registered: August 20, 2019. Expires: August 19, 2029)
- USPTO Registration No. 5839158 ("THE POWER OF SMART SPACE") in Cl 42 (Registered: August, 20, 2019. Expires: August 19, 2029)
- USPTO Appl. Serial No. 90613487 ("SPATIAL WEB") in Cl 42
- USPTO Appl. Serial No. 90613529 ("Powering the Spatial Web") in Cl 42
- USPTO Appl. Serial No. 88271188 ("VERSES SPATIAL WEB PROTOCOL") in Cl 42
- USPTO Appl. Serial No. 88271290 ("SPATIAL INTELLIGENCE MANAGEMENT") in Cl 42
- USPTO Appl. Serial No. 90612603 ("COSM")
- USPTO Appl. Serial No. 90610648 ("COSM OS")
- European Appl. Serial No. 018392857 ("VERSES")
- European Appl. Serial No. 018392875 ("COSM")
- European Appl. Serial No. 018392876 ("WAYFINDER")
- European Appl. Serial No. 018392878 ("POWERING THE SPATIAL WEB")
- European Appl. Serial No. 018392879 ("SPATIAL WEB")

Miscellaneous Intangible assets

- IEEE considers HSTP protocol a "Public Imperative" and approved a Spatial Web Working Group to develop as an international standard

- IP Attorney is former SAP Chief IP Officer and Patent Counsel for R&D Global at SAP

REGULATORY ENVIRONMENT

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

Because our software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally-identifiable data, we make best efforts to comply with data privacy and security laws applicable to each location and/or sector that we participate in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and other rulesets. We are not only sensitive to the importance of these regulations, and routinely employ "privacy by design" when crafting our various applications and service offerings. In fact, we specifically designed COSM to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally-identifiable data of third parties. As a result, we have established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Highlights

VERSES entered into agreements with Volvo, Honeywell and AstraZeneca in 2021 to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on the COSM operating system. VERSES has a teaming agreement with Deloitte, one of the world's largest system integrators, to bring solutions to Deloitte clients and for Deloitte to lead implementations of Wayfinder and COSM to such clients. VERSES developed an active pipeline of potential clients and customers including, without limitation, Fortune 500 companies such as Mars, Johnson & Johnson, Daimler and P&G.

On August 25, 2021, VERSES entered into a service agreement with NRI Distribution to roll out Wayfinder and COSM into NRI Distribution's warehousing operations. The service agreement with NRI Distribution has a term of 11 years.

In October and November, issued 20,000,000 special warrants pursuant to the private placement for proceeds of $12,550,398 (CAD$16,000,000). Special warrants of the Company (the "Special Warrants") at a price of CAD$0.80 per special warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a "Unit Warrant"), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share of the Issuer (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

In November 2021, the Company repaid all loans due to related parties totalling $2,417,688.

On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the period ended December 31, 2021 ("Q3 2022") and comparable period ended December 31, 2020 ("Q3 2021"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Q3 2022	Q3 2021
Total revenue	$ 2,754,510	$ 57,200
Net loss for the period	(3,679,791)	(1,434,933)
Loss per share, basic and fully diluted	(0.20)	(0.14)
Total assets	11,246,275	1,795,019
Total liabilities	$ (1,929,364)	$ (6,838,017)

The following table provides an overview of the financial results in Q3 2022 as compared to Q3 2021:

	Q3 2022	Q3 2021	Change
Revenue	$ 2,754,510	$ 57,200	$ 2,697,310
Cost of services	(1,744,371)	(463,287)	(1,281,084)
	1,010,139	(406,087)	1,416,226
Operating expenditures:			
Share based compensation	-	25,000	(25,000)
Management fees	1,136,465	536,134	600,331
Marketing	288,985	-	288,985
Professional fees	209,141	-	209,141
Legal Fees	193,537	16,525	177,012
Rent expenses	61,054	192,420	(131,366)
Other general and administrative expenses	885,937	50,362	835,575
	2,775,119	820,441	1,954,678
Loss on transactions	(2,718,649)	-	(2,718,649)
Other income	499,403	7,106	492,297
Grant income	463,326	-	463,326
Corporate taxes	(1,600)	-	(1,600)
Financing fees and Interest expenses	(157,291)	(215,511)	58,220
Net Loss and Comprehensive Loss for the Period	$ (3,679,791)	$ (1,434,933)	$ (2,244,858)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $3,679,791 in the period ended December 31, 2021, which is 157% higher than the loss of $1,434,933 in the period ended December 31, 2020 mainly due to the loss on the acquisition of VTI, accounted as a reverse takeover, of $2,718,649.

The impact of the changes mentioned above was partially offset by higher gross margin reported in the period of $1,416,226.

Revenues

During the period ended on December 31, 2021, the Company experienced an increase in revenue of $2,697,310. Relevant part of the revenue increase is from a software as a service ("SaaS") agreement.

For the period ended	Q3 2022	Q3 2021	Change
Revenue from SaaS project	$2,460,510	$ -	$ 2,460,510
Development of software	294,000	57,200	236,800
Total Revenue	$2,754,510	$ 57,200	$ 2,697,310

Cost of Services

The Company incurred $1,744,371 in cost of services the period ended on December 31, 2021, this represents an increase of $1,281,084 when compared to the previous period mainly because the Company hired technical personnel to develop and implement the SaaS solution to the customers.

For the period ended	Q3 2022	Q3 2021	Change
AWS Amazon hosting to customers' developments	$ 78,223	$ 13,859	$ 64,364
Development costs	1,666,148	449,428	1,216,720
Total Cost of Services	$ 1,744,371	$ 463,287	$ 1,281,084

Operating expenses

Operating expenses were $2,775,119 in the period ended on December 31, 2021, compared to $820,441 for the period ended on December 31, 2020; an increase of $1,954,678. The changes in operating expenses were primarily impacted by the following items:

For the period ended	Q3 2022	Q3 2021	Change
Share based compensation	$ -	$ 25,000	$ (25,000)
Management fees	1,136,465	536,134	600,331
Marketing	288,985	-	288,985
Professional fees	209,141	-	209,141
Legal Fees	193,537	16,525	177,012
Rent expenses	61,054	192,420	(131,366)
Other general and administrative expenses	885,937	50,362	835,575
Total	$ 2,775,119	$ 820,441	$ 1,954,678

- Share based compensation decreased by $25,000 because no other share-based payment was done in the period.
- Management fees increased by $600,331 mainly because of the hiring of new key personnel for the Company. The key positions added to the management team are the Chief Commercial Officer, Chief Operations Officer, Chief Adoption Officer, Human Resources senior manager, and the General Counsel.
- Marketing increased by $288,095 mainly explained by vendors engaged to develop the Company's branding campaign ($180,200) and publishing consulting ($75,000).
- Professional fees increased by $209,141 mainly because of specialized executive search consulting ($164,334) and outsourced finance and accounting services ($42,605).
- Legal Fees increased $177,012 when compared to the previous year because new legal offices were engaged to support the transactions of the Company.
- Rent expenses decreased by $131,366 because the Company reduced its use of the Phase Two office located in Culver City, California.
- Other general and administrative expenses increased by $835,575 mainly because the personnel related to the government grant received from INEA (Innovation and Networks Executive Agency), which is delegated under the European Commission, is responsible for a $409,548 of this increase. Also, part of the increase is due to higher travel expenses of $167,613 because less travel restrictions in force, investor relations expenses of $26,390, insurance amortization of $40,733, and other general expenses.

Other income and expenses

Other income and expenses were a loss of $1,914,811 in the period ended on December 31, 2021, which is $1,706,406 higher when compared to $208,405 for the period ended on December 31, 2020. The changes in other income and expenses were impacted by the following items:

For the period ended	Q3 2022	Q3 2021	Change
Loss on transactions	$ (2,718,649)	$ -	$ (2,718,649)
Other income	499,403	7,106	492,297
Grant income	463,326	-	463,326
Corporate taxes	(1,600)	-	(1,600)
Financing fees and Interest expenses	(157,291)	(215,511)	58,220
Total	$ (1,914,811)	$ (208,405)	$ (1,706,406)

- Loss on Purchase of VTI (July 20, 2021 transaction)

On June 21, 2021, the Company entered into a Contribution Agreement with Verses Technologies USA, Inc. (formerly Verses Labs Inc.). Pursuant to the Contribution Agreement, the VLI's shareholders exchanged all their outstanding common shares for common shares of the Company ("the Transaction"). The Transaction was completed July 20, 2021. The Transaction is accounted for as a reverse takeover whereby the VLI is reflected as the accounting acquirer and the Company as the accounting acquiree. Management has evaluated that the Company did not meet the definition of a business as defined by IFRS 3 as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted as an acquisition of the Company's net assets by the issuance of shares of the VLI to the Company's shareholders.

The fair value of the shares that will be held by shareholders of the Company was determined based on there being 14,434,603 common shares issued and outstanding as of the date of Transaction. The fair value of the common shares was determined using a price of $0.40 per share being the price of the June 1, 2021 financing.

The VTI share capital and retained earnings has been eliminated subsequent to the Transaction. The cost of the Transaction in excess of the net assets of the Company has been reflected as an expense, of obtaining a listing of the Company's shares on the NEO Exchange Inc. as follows:

Total purchase price	
Common shares issued	$4,538,019
Share purchase warrants	-
	$4,538,019

Net assets acquired	
Assets acquired	
Cash and cash equivalents	$1,295,203
Advances to Verses Labs	500,000
Other net assets	24,167
Net assets acquired	1,819,370
Loss on purchase of VTI	**$2,718,649**

- Other income resulted in a profit of $499,803, of which $377,737 is from accounts payable write-off because the renegotiation of the outstanding independent contract agreements ("ICAs"), and $118,378 is because a simple agreement for future equity discharge, also because the renegotiation of the ICAs.

- Grant income is related to a government grant received from INEA (Innovation and Networks Executive Agency), which is delegated under the European Commission. The grant is awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020.

- Interest expenses and financing fees were lower because the Company was able to repay its loans during the period ended on December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

	Q3 2022	Q3 2021	Change
Cash used in operating activities	$ (1,622,522)	$ (119,871)	$ (1,502,651)
Cash used in investing activities	(89,928)	-	(89,928)
Cash provided by financing activities	10,683,190	1,636,416	9,046,774
Net (decrease) increase in cash and cash equivalents	$ 8,970,740	$ 1,516,545	$ 7,454,195

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities increased to $1,622,522 in the nine months ended on December 31, 2021 from $119,871 in the nine months ended on December 31, 2020. This decrease of $1,502,651 is primarily explained as follows:

- Loss on the acquisition of VTI, accounted as a reverse takeover, of $2,718,649.
- Issuance of shares for the acquisition of VTI $4,538,019.
- Settlement of accounts payable $1,698,877.

Cash used in investing activities is explained by acquisition of computer equipment.

The increase in financing activities is mainly explained by:

- Proceed from the issuance of special warrants worth $12,550,398.
- Issuance of shares pursuant to a private placement by $280,000.
- Proceeds from loan issuance by $275,000.
- Repayment of loans by $(2,422,208).

As of December 31, 2021, the Company had a positive working capital of $9,375,459 compared to the negative working capital of $5,588,564 as of December 31, 2020.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

COMMITMENTS

In the case of a liquidity event of a subsidiary of the Company, which includes an initial public offering; acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated, a royalty payment is to be paid by Verses Technologies USA Inc. to Cyberlab, in the amount of 10% of its interest in said liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") after a plan is established, to qualifying consultants and employees in the future at terms to be determined at grant date based on the market price of the Company's shares at the time of grant.

Equity Compensation Type	Company	Equity Incentive Units
Options, RSU or DSU	Verses Technologies USA, Inc.	17,342,017
Options, RSU or DSU	Verses Global BV	802,176
Options, RSU or DSU	Verses Logistics Inc.	1,062,820
Options, RSU or DSU	Verses, Inc.	2,262,829

USE OF PROCEEDS FROM FINANCING

1. The Company's estimated working capital as at March 31, 2022, is intended to be used as follows:

Uses of Funds	Amount
Developing and furthering adoption of the Spatial Web Protocols(1)	$350,000
Developing COSM spatial web operating system and selected applications(2)	$1,900,000
Sales and marketing for customer acquisition, branding, and public relations(3)	$1,100,000
Research and Development(4)	$550,000
Investor Relations(5)	$300,000
Listing Costs(6)	$275,000
General, Administrative & Executive Management(7)	$1,400,000
Unallocated Working Capital	$625,000
Total	**$6,500,000**

Notes:

(1) Consisting of costs for promoting the adoption of Spatial Web protocols including conference attendance and promotion, speaker engagements, promotion of business development contacts and promotion and marketing in respect of the first inaugural Spatial Web Foundation Symposium, and costs incurred by the Chief Adoption Officer's team, such as the landscape analyses, lobbying efforts, and digital marketing.

(2) Including the salaries of 12 developers - $1,140,000 and the expected salaries of additional 10 development staff up to $760,000.
(3) Consisting of costs related to sales materials and toolkits - $20,000, salaries of sales staff focused on customer acquisition - $432,000, contractor efforts for branding and general marketing including the launch of awareness campaigns - $275,000, and salary and operating costs for marketing consultant(s) focused on executing informational campaigns with social media influencers - $373,000.
(4) Salary and operating costs for nine (9) member research team focused on neuroscience based probabilistic modeling, advanced mathematics, active inference, category theory, and machine learning to provide a sound scientific basis for highly distributed, scalable, context-aware adaptive computing architectures and applications capable of displaying autonomic enactive intelligence in any reasonable form or format.
(5) Consisting of investor relations consulting costs including, but not limited to, public relations campaign for the Listing - $125,000 and ongoing costs for investor relations campaigns - $150,000.
(6) Legal and accounting fees - $185,000, approximate NEO listing fees - $65,000 and transfer agent fees - $25,000.
(7) General, Administrative and Executive Management costs including compensation for C-Suite executives including Chief Executive Officer, President, Chief Administration Officer, Chief Financial Officer, General Counsel and outside counsel, Human Resources Manager and Human Resource consultants, and IT Management - $990,000; Director and Officer Insurance and other liability insurances such as cyber-crime and general/personal liability insurance - $250,000, third party subscription software fees, and, directors fees and travel and business development - $160,000.

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company's circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives. In addition, the current COVID pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed.

Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "Risk Factors".

OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	The date of this MD&A	Q2 2022
Shares issued on incorporation	-	10,000,000
Common shares cancelled in re-organization	-	(10,000,000)
Shares issued to Class A shareholders	40,382,512	40,382,512
Shares issued to Class B shareholders	10,000,000	10,000,000

OUTSTANDING WARRANTS

As at	Notes	The date of this MD&A	Q3 2022

Warrants	(1)	1,250,000	1,250,000
Special Warrants	(2)(3)	-	21,003,077
Finder Warrants	(4)	1,601,000	1,601,000
Warrants	(5)	11,302,035	11,302,035
		14,153,035	35,156,112

Notes:

(1) Issued pursuant to the Amalgamation to a service provider of Former VERSES. Each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.
(2) Issued under the Special Warrant Financing.
(3) 1,003,077 Special Warrants were issued to certain arm's length finders.
(4) Issued in connection with the Special Warrant Financing.
(5) Issued in connection with the Special Warrant Financing. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "Unit Share") and one-half of one Subordinate Voting Share purchase warrant (a "Unit Warrant"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the year ended	December 31, 2021	December 31, 2020
Management fees	$ 730,855	$ 375,973
Special warrants	$ 519,883	-

The following management members incurred in the management fees:

	Q3 2022	Q3 2021
Management fees, Chief Executive Officer and Founder	$ 163,025	$ 95,723
Management fees, President and Founder	154,000	90,000
Management fees, Chief Financial Officer	100,500	36,000
Management fees, Director of Product Integration	138,500	146,250
Management fees, Company owned by Advisor	121,664	8,000
Managements fees, Financial advisor	53,166	-
Total	$ 730,855	$ 375,973

The following fees and expenses were incurred:

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at December 31, 2021, were amounts totaling $36,642 due to key management personnel (December 31, 2020 – $420,722).

At December 31, 2021, the Company has a loan totalling $2,130 (2020 – $250,000) with the Chief Finance Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is required to be paid on or before February 28, 2022.

At December 31, 2021, the Company has a loan of $nil (2020 – $152,230) with a senior executive. The loan bears an annual interest rate of 10% compounded daily.

At December 31, 2021, the Company has a loan of $nil (2020 - $74,947) with Green Soma, a company owned by a director. The loan bears an annual interest rate of 10% compounded daily.

At December 31, 2021, the Company has a loan of $nil (2020 - $1,593,085 with Cyberlab, LLC ("Cyberlab"), a company owned by a director. The loan bears an annual interest rate of 10% compounded daily.

FINANCIAL INSTRUMENTS

As of December 31, 2021, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The promissory notes, amounts receivable, accounts payable and accrued liabilities all have carrying amounts that approximate their fair values, due to either the short-term nature of these instruments or the attached market rate of interest.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

As at December 31, 2021, the Company had cash of $9,648,750, accounts payable and accrued liabilities of $572,830, and loans payable of $148,476. All accounts payable and accrued liabilities are due within 30 days.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in Euros and in Canadian dollars, and is therefore exposed to exchange rate fluctuations. At December 31, 2021, the Company had nil net financial liabilities denominated in Euros and $276,742 in net assets denominated in CADs.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. As of December 31, 2021, the Company does not hold any liabilities that are subject to interest.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

Revenue represents the amount the Company has recognized for the services it has provided to its contracts with customers, net of discounts and sales taxes. The Company provides consulting, programming and customized software solutions to private and public entities.

Revenue from software development is evaluated to determine whether performance obligations are satisfied at a point in time or over time. The Company performs the following five steps when determining whether amounts are to be recognized in a given period:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenues when the Company has satisfied the performance obligations of each service contract or milestone. When a fixed price contract has been entered into and performance obligations have been identified, the related revenues are recognized at each stage the Company satisfies a performance obligation; that is, when control and risks and rewards of the revenue contract have been passed to the customer. The performance obligations are satisfied at a point in time or over a period of time, depending on the nature of the performance obligation. A contract asset is recognized as performance obligations are complete and reclassified to accounts receivable when invoiced. A contract liability is recognized if payments are received prior to the work being completed.

IFRS 15 Cost of Revenue

Cost of revenue includes expenses incurred for development of applications (consists of labour costs of technical staff and other direct costs) and hosting services.

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. The new standard replaces International Accounting Standard 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

For any new contracts entered on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration". To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. During the period ended December 31, 2021, the Company expensed short-term leases, month-to-month memberships and leases of low value for $61,054 (2020 - $192,420). On the consolidated statement of financial position, right-of-use assets would be included under non-current assets, and lease liabilities included under current and non-current liabilities.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the unaudited condensed interim financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventive or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated on November 19, 2020 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. There may be factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. Forward-looking statements are not a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.

SCHEDULE "E" – AUDITED ANNUAL VTU FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of the VERSES Business, or of VTU, for the years ended March 31, 2021, 2020 and 2019

(See attached)

VERSES TECHNOLOGIES USA, INC.

(FORMERLY, VERSES LABS INC.)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021, 2020 and 2019

(Expressed in United States dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Verses Technologies USA, Inc. (formerly, Verses Labs Inc.)

Opinion

We have audited the financial statements of Verses Technologies USA, Inc. (formerly, Verses Labs Inc.) (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that as at March 31, 2021, the Company had a working capital deficit of $5,588,564 and an accumulated deficit of $6,136,543. As stated in Note 1, these events or conditions, which indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

May 17, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

VERSES TECHNOLOGIES USA, INC.
(FORMERLY, VERSES LABS INC.)
Consolidated Statements of Financial Position
(Expressed in United States dollars)

As at	Notes	March 31, 2021	March 31, 2020	March 31, 2019
ASSETS				
CURRENT				
Cash		$ 136,172	$ 4,348	$ -
Restricted cash	3	735,113	-	-
Other receivables		5,690	-	100
Sales tax receivable		12,272	-	-
Prepaid expenses	8	20,000	246,420	-
Total Assets		$ 909,247	$ 250,768	$ 100
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	5	$ 1,167,700	$ 700,707	$ -
Deferred grant	3	626,596	-	-
Due to Cyberlab LLC	7, 9	1,590,515	1,846,376	1,782,075
"SAFE"	8	3,113,000	999,000	-
		6,497,811	3,546,083	1,782,075
Non-current Liabilities				
Convertible Promissory notes	10	-	60,639	-
Loans payable	6	547,879	252,335	-
Total Liabilities		7,045,690	3,859,057	1,782,075
SHAREHOLDERS' DEFICIENCY				
Share capital	12	100	100	100
Deficit		(6,136,543)	(3,608,389)	(1,782,075)
Total Shareholders' Deficiency		(6,136,443)	(3,608,289)	(1,781,975)
Total Liabilities and Shareholders' Deficiency		$ 909,247	$ 250,768	$ 100

Nature of Business and Going Concern (note 1)
Subsequent events (note 16)

Approved and authorized for issue on behalf of the Board on May 17, 2022.

"Gabriel Rene"
Director

"Dan Mapes"
Director

VERSES TECHNOLOGIES USA, INC.
(FORMERLY, VERSES LABS INC.)
Consolidated Statements of Comprehensive Loss
For the years ended March 31, 2021, 2020 and 2019
(Expressed in United States dollars)

	Notes		March 31, 2021		March 31, 2020		March 31, 2019
REVENUE	4	$	97,200	$	125,000	$	160,000
COST OF REVENUE	2		(663,466)		(377,119)		-
			(566,266)		(252,119)		160,000
EXPENSES							
Accounting fees			102,311		-		-
Bank charges			6,902		2,677		-
Consulting fees			178,751		-		-
Intellectual property	7		-		-		1,500,000
Legal fees			124,549		20,509		-
Management fees	5		868,261		808,005		350,000
Office and general			35,577		23,245		-
Rent			252,774		231,174		-
Share-based payments	8		297,000		100,000		-
Travel and meals			6,934		105,197		-
			(1,873,059)		(1,290,807)		(1,850,000)
OTHER EXPENSE							
Grant income	3		208,473		-		-
Interest	6,7		(297,302)		(283,388)		(92,075)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		$	(2,528,154)	$	(1,826,314)	$	(1,782,075)
Loss per share, basic and diluted		$	(0.25)	$	(0.18)	$	(0.18)
Weighted average number of common shares outstanding			10,000,000		10,000,000		10,000,000

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

VERSES TECHNOLOGIES USA, INC.
(FORMERLY, VERSES LABS INC.)
Consolidated Statements of Changes in Equity
For the years ended March 31, 2021, 2020 and 2019
(Expressed in United States dollars)

	Share Capital			
	Number of Common Shares Issued for All Share Classes	**Amount**	**Deficit**	**Total Shareholders' Deficiency**
Issuance of shares at inception	10,000,000	$ 100	$ -	$ 100
Net loss for the year	-	-	(1,782,075)	(1,782,075)
Balance at March 31, 2019	10,000,000	100	(1,782,075)	(1,781,975)
Net loss for the year	-	-	(1,826,314)	(1,826,314)
Balance at March 31, 2020	10,000,000	100	(3,608,389)	(3,608,289)
Common shares cancelled in re-organization	(10,000,000)	(100)	-	(100)
Shares issued to Class B shareholders	10,000,000	100	-	100
Net loss for the year	-	-	(2,528,154)	(2,528,154)
Balance at March 31, 2021	10,000,000	$ 100	$ (6,136,543)	$ (6,136,443)

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

VERSES TECHNOLOGIES USA, INC.
(FORMERLY, VERSES LABS INC.)
Consolidated Statements of Cash Flows
For the years ended March 31, 2021, 2020 and 2019
(Expressed in United States dollars)

	March 31, 2021	March 31, 2020	March 31, 2019
Cash provided by (used in):			
OPERATING ACTIVITIES			
Net loss	$ (2,528,154)	$ (1,828,314)	$ (1,782,075)
Items not involving cash:			
Interest expense	250,474	282,559	-
Issuance of SAFE for credit facility on rent	-	425,000	-
Issuance of SAFE for financing fees	20,000	-	-
Issuance of SAFE for Share-based payments	297,000	100,000	-
	(1,960,680)	(1,018,755)	(1,782,075)
Net changes in non-cash working capital items:			
Amounts receivable	(17,962)	-	(100)
Prepaid expenses	226,420	(246,420)	-
Accounts payable and accrued liabilities	467,354	700,446	-
Deferred grant	626,596	-	-
Net cash used in operating activities	(658,272)	(564,729)	(1,782,175)
FINANCING ACTIVITIES			
Repayments on loans	(602,191)	(305,523)	-
Proceeds from loan issuances	432,400	429,600	1,782,075
Proceeds from issuance of promissory notes	10,000	76,000	-
Repayment of promissory notes	(47,000)	-	-
Proceeds from issuance of SAFEs	1,732,000	369,000	-
Issuance of shares	-	-	100
Net cash provided by financing activities	1,525,209	569,077	1,782,175
Change in cash and restricted cash during the year	866,937	4,348	-
Cash, beginning of the year	4,348	-	-
Cash and restricted cash, end of the year	$ 871,285	$ 4,348	$ -

1. NATURE OF BUSINESS AND GOING CONCERN

VERSES Technologies USA, Inc. (formerly, Verses Labs Inc.) ("Verses" or the "Company") was incorporated on September 19, 2018 under the laws of the state of Wyoming. The Company's principal business activities is selling Spatial Web software globally across a variety of industries, including logistics, hospitals, smart cities, education, entertainment and more. The Company's head and registered office is located at 5877 Obama Boulevard, Los Angeles, California, USA, 90016. On January,18 2022, Verses Labs Inc. changed the name to VERSES Technologies USA, Inc.

For the year ended March 31, 2021, the Company incurred a net loss and comprehensive loss of $2,528,154, which was funded by the issuance of equity through Simple Agreements for Future Equity ("SAFE"). At March 31, 2021, the Company has a working capital deficit of $5,588,564 and an accumulated deficit of $6,136,543. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The above factors and the necessity that the Company raise sufficient funds to carry out its growth plans is conditional, in part, on the continuation of its agreements and investor support. The material uncertainty raised by these events and conditions may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern. In such circumstances, the Company would be required to realize its assets and discharge its liabilities outside of the normal course of business, and the amounts realized could differ materially from those reflected in the accompanying consolidated financial statements.

The outbreak of the coronavirus, also known as COVID-19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain, and as such, the Company cannot determine their financial impact at this time.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 17, 2022.

(Expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiaries 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.

Details of the Company's principal subsidiaries at March 31, 2021 and 2020 are as follows:

Name	Place of Incorporation	March 31, 2021 Interest %	March 31, 2020 Interest %
Verses Logistics Inc. ("VLOG")	Wyoming, USA	100%	100%
Verses Realities Inc. ("VREAL")	Wyoming, USA	100%	100%
Verses Health Inc. ("VHEAL")	Wyoming, USA	100%	100%
Verses Real Estate, Inc. ("VESTATE")	Wyoming, USA	100%	0%
Verses Group Holdings LLC ("VHOLD")	Wyoming, USA	100%	0%
Verses, Inc ("VINC")	Wyoming, USA	100%	0%
Verses Global BV ("VGlobal")	Netherlands	100%	0%

As at March 31, 2019, the Company had no subsidiaries. Subsequent to March 31, 2021, the Company incorporated Verses, Inc. in Wyoming, USA. All intercompany balances and transactions were eliminated on consolidation.

d) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

Critical accounting estimates

- The length of time to complete the customization and installation for modules to determine the appropriate amount of revenue to recognize in each reporting period, on a per contract basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgments

- The determination of categories of financial assets and financial liabilities;
- The determination of the functional currency of each entity within the Company; and
- Valuation of share-based payments given for services; and
- The assessment of the Company's ability to continue as a going concern.

e) Foreign currency translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of Verses, VLOG, VREAL, VHEAL and VHOLD is the United States dollar ("USD"). The functional currency of Vglobal is the euro ("€"). The presentation currency of the consolidated entity is the United States dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in accumulated other comprehensive income (loss).

f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options and warrants. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve.

h) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received.

i) Loss per share

Basic loss per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings (loss) per share, except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The Company applies the treasury stock method in calculating diluted earnings per share, which assumes that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Diluted loss per share excludes all dilutive potential common shares, as their effect would be anti-dilutive.

j) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

k) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

(i) Classification (continued)

The following table shows the classification of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9 *Financial Instruments*
Cash	FVTPL
Restricted cash	FVTPL
Other receivable	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Loans payable	Amortized cost
SAFE	FVTPL
Promissory notes	Amortized cost

(ii) Measurement

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Grants

Government assistances consist of grants received under the Innovation and Networks Executive Agency ("INEA"), under the powers delegated by the European Commission. Government assistances are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the period the expense costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the cost of the asset is reduced by the amount of the grant and the grant is recognized as income in equal amounts over the expected useful life of the asset.

m) Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The intangible assets are assessed at the end of each fiscal year for impairment. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. The intention to complete the intangible asset and use or sell it;
iii. The ability to use or sell the intangible asset;
iv. How the intangible asset will generate probable future economic benefits;
v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At March 31, 2021, 2020 and 2019, the Company has not recognized any internally-generated intangible assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue recognition

The Company's revenue is primarily derived from licensing its development of spatial web software to customers and government organizations, providing customization to its core software and performing ongoing maintenance and consulting services. The Company recognizes revenue in accordance with IFRS 15 "Revenue from Contracts with Customers".

Revenue is recognized upon the satisfaction of performance obligations. Performance obligations are satisfied at the point at which control of the promised goods or services are transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive for those goods and services.

i. Software Revenue

The Company provides the right to access software licenses and module customization services (collectively "Software Services"), which are not considered distinct from each other as the customer is unable to receive economic benefit from the utilization of the software until completion and installation of the modules. Revenue is generally recognized progressively by the reference to the stage of completion of the module customization. If it is determined that Software Services are not distinct from other performance obligations, revenue is recognized over time as the customer simultaneously receives and consumes the benefit.

ii. Maintenance Revenue

The Company offers monthly maintenance services, which are distinct from other services and products offered. Monthly maintenance services consist primarily of telephone consulting, product updates, the release of new product versions previously purchased by a customer, error reporting and correction services. Maintenance revenue is recognized on a monthly basis as maintenance services are offered to customers.

iii. Services Revenue

The Company provides claim processing and other consulting services which are distinct form other services and products offered. Services revenue is recognized as services are provided.

o) Cost of revenue

Cost of revenue includes expenses incurred for development of applications (consists of labour costs of technical staff and other direct costs) and hosting services.

p) IFRS 16 *Leases*

The Company adopted the requirements of IFRS 16 effective January 1, 2019. The new standard replaces International Accounting Standard 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) IFRS 16 *Leases* (continued)

For any new contracts entered on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration". To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. During the year ended March 31, 2021, the Company expensed short-term leases, month-to-month memberships and leases of low value for $252,772 (2020 - $231,174, 2019 - $nil). On the consolidated statement of financial position, right-of-use assets would be included under non-current assets, and lease liabilities included under current and non-current liabilities.

(Expressed in United States dollars)

3. DEFERRED GRANT

During the year ended March 31, 2021, the Company received a grant from the Innovation and Networks Executive Agency ("INEA") to provide technical expertise on geospatial infrastructure.

Under the grant agreement, the Company received $836,393 (€712,222). The funds under this agreement are to reimburse the Company for amounts spent on the project.

Balance, March 31, 2020 and 2019	$	-
Funds received		836,393
Expenses on the project		(208,038)
Foreign exchange adjustment		1,759
Balance, March 31, 2021	$	626,596

Of the expenses incurred, $104,999 are outstanding in accounts payable and accrued liabilities, with $735,113 remaining in restricted cash.

4. REVENUE

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15.

For the year ended		March 31, 2021		March 31, 2020		March 31, 2019
Recognized at a point in time	$	60,000	$	-	$	-
Recognized over the duration of contracts		37,200		125,000		160,000
	$	97,200	$	125,000	$	160,000

Revenues are recognized at the point in time the Company has provided services to customers. Programming and software development contracts extending over multiple months are recognized in revenue as related core customization and installation of modules, and subsequent maintenance services are provided to the Company's customers. Revenue relating to ongoing contracts is recognized on a monthly basis as services are performed. The Company has elected to adopt the practical expedient of IFRS 15 to not disclose information about remaining performance obligations that have an expected duration of less than one year.

All of the Company's revenue is earned in the United States.

Customers accounting for more than 10% of net revenue are as listed below:

For the year ended	March 31, 2021	March 31, 2020	March 31, 2019
Customer A	62%	16%	25%
Customer B	-	64%	75%
Customer C	-	20%	-
Customer D	38%	-	-

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

For the year ended		March 31, 2021		March 31, 2020		March 31, 2019
Accounts payable	$	887,893	$	700,707	$	-
Accrued liabilities		279,807		-		-
	$	1,167,700	$	700,707	$	-

(Expressed in United States dollars)

6. LOANS

Loan activity consisted of the following:

For the year ended	March 31, 2021	March 31, 2020	March 31, 2019
Balance, beginning of the year	$ 252,335	$ -	$ -
Additions	432,400	274,000	-
Repayment	(165,666)	(36,000)	-
Interest expense	28,810	44,335	-
Issuane of SAFE	-	(30,000)	-
Balance, end of the year	$ 547,879	$ 252,335	$ -

For the year ended March 31, 2021, the Company entered into the following loan agreements:

(i) On June 5, 2020, the Company received a $142,400 loan from the U.S. Small Business Administration. The loan is unsecured and bears interest of 3.75% per annum and requires monthly payments of $646 starting in June 2021 with a maturity date in 30 years.

(ii) On October 1, 2020, the Company received a $40,000 loan from a related party. The loan is unsecured and bore interest at 10%. The loan was repaid on November 12, 2020.

(iii) On December 16, 2020, the Company received a $250,000 loan from a related party. The loan is unsecured and has an annual interest rate of 10% starting on February 1, 2021, and requires monthly payments of $20,833 excluding interest. The loan is to be repaid in full on or before February 28, 2022.

For the year ended March 31, 2020, the Company entered into the following loan agreements:

(iv) On May 1, 2019 and August 8, 2019, the Company received loan amounts for a total of $109,000 from a related party. The loan is unsecured and bears an annual interest rate of 10% with a maturity date in 3 years.

(v) On September 6, 2019, the Company received a loan of $135,000 from a related party. The loan is unsecured and bears an annual interest rate of 10% with a maturity date of November 15, 2022.

(vi) On November 27, 2019, the Company received a $30,000 loan that is unsecured. In relation to the loan, the company issued compensation in the form of a SAFE of $30,000 for accrued interest. The Company repaid the loan on November 12, 2020.

7. DUE TO CYBERLAB LLC

The Company purchased software and intellectual property ("IP") from Cyberlab, a company owned by a director, for $1,500,000 and entered into a loan agreement as part of the purchase. The software and IP were not completed and did not meet the definition of an asset, therefore the Company expensed the IP upon purchase. In addition, the loan balance was impacted by operating transactions between Cyberlab and Verses. The loan is unsecured and bears interest at a 10.52% effective rate. The Company is required to pay back the loan, including interest, on or before March 31, 2025. During the year ended March 31, 2020, the Company received additional funding from Cyberlab to support business operations, which increased the loan balance under the same terms.

For the year ended	March 31, 2021	March 31, 2020	March 31, 2019
Balance, beginning of the year	$ 1,846,376	$ 1,782,075	$ -
Additions	-	155,600	1,850,000
Repayment	(436,525)	(269,523)	(160,000)
Interest expense	180,664	178,224	92,075
Balance, end of the year	$ 1,590,515	$ 1,846,376	$ 1,782,075

(Expressed in United States dollars)

8. SIMPLE AGREEMENTS FOR FUTURE EQUITY

During the years ended March 31, 2020 and 2021, the Company entered into SAFEs. Pursuant to the terms of the SAFE, investors agreed to pay the Company a fixed amount of cash or non-cash consideration ("the Purchase Amount") in exchange for the right to receive future shares in the Company at a later date. The terms of the SAFE were such that the number of shares issuable to the investor was variable depending on the occurrence, or non-occurrence, of specified future events and conditions, based on the post-money valuation cap of such SAFE arrangements.

The SAFE was primarily designed to issue to the investor a number of shares equal to the Purchase Amount divided by the Conversion Price (defined herein) upon the occurrence of an equity financing, and, whereas the conversion price was defined as: the valuation cap divided by the total shares outstanding immediately prior to the equity financing or a number of shares of SAFE preferred stock equal to the purchase amount divided by the SAFE price, whichever calculation results in a greater number of SAFE Shares.

The Company designated the entire SAFE arrangements as financial liabilities at FVTPL as permitted by IFRS 9. On initial recognition, the Company measured the liability at an amount equal to the aggregate proceeds that were received from investors in exchange for the SAFE. There were no significant factors affecting the subsequent SAFEs issued, thus, no adjustment to the fair value was made as the fair value equated to the carrying amount.

For the year ended	March 31, 2021	March 31, 2020
Balance, beginning of the year	$ 999,000	$ -
Additions – Equity compensation (i)	297,000	100,000
Additions – Rent credit (iv)	-	425,000
Additions – Promissory notes (ii & v)	85,000	105,000
Additions – Investors (iii)	1,732,000	369,000
Balance, end of the year	$ 3,113,000	$ 999,000

For the years ended March 31, 2021 and 2020, the SAFE activity is described as follows:

(i) During the year ended March 31, 2021, the Company issued SAFEs worth $97,000 to certain contractors and investors (2020 - $200,000), and $200,000 to the Chief Commercial Officer as equity compensation, recorded as share-based payments.

(ii) During the year ended March 31, 2021, the Company issued SAFEs worth $85,000 to holders of promissory notes as settlement of the debt.

(iii) During the year ended March 31, 2021, the Company issued SAFEs to investors for total proceeds of $1,732,000 (2020 - $369,000).

(iv) The Company issued a SAFE worth $425,000 in exchange for a $425,000 lease credit. Of which, $20,000 (2020 - $246,420) is still considered to be prepaid expenses as at March 31, 2021.

(v)The Company issued SAFEs worth $105,000 to holders of promissory notes as deferred financing fees.

(Expressed in United States dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the year ended	March 31, 2021	March 31, 2020	March 31, 2019
Management fees	$ 565,755	$ 465,000	$ 350,000
Share-based payments (note 8)	200,000	100,000	-
	$ 765,755	$ 565,000	$ 350,000

Amounts due to related parties, including amounts due to key management personnel, at the year end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at March 31, 2021, were amounts totaling $464,789 (2020 - $368,358) due to key management personnel.

At March 31, 2021, the Company has a loan totaling $211,661 (2020 - nil) with the Chief Financial Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is required to be paid on or before February 28, 2022 (note 6).

At March 31, 2021, the Company has a loan of $116,168 (2020 - $142,162) with an officer of the Company. The loan bears an annual interest rate of 10% compounded daily (note 6).

At March 31, 2021, the Company has a loan of $77,650 (2020- $80,173) with Green Soma, a company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily (note 6).

At March 31, 2021, the Company has a loan of $1,590,515 (2020 - $1,846,376) with Cyberlab LLC ("Cyberlab"), a company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily (note 7).

At March 31, 2021, the Company has a loan of $nil (2020 - $30,000) with FountainTec LLC, a company owned by a senior executive (note 6).

10. CONVERTIBLE PROMISSORY NOTES

During the years ended March 31, 2020 and 2021, the Company received promissory notes convertible into SAFEs with the principal due approximately 4 to 6 months from issuance. At the time of repayment, the holder had the option to convert the loan into the form of SAFEs. In addition, the Company is also required to provide the lender interest in the form of SAFEs.

Pursuant to the terms of the convertible promissory noted, the lenders agreed to pay the Company a fixed amount of cash consideration in exchange for the right to receive future shares in the Company at a later date. The terms of the convertible promissory notes were same as the terms of the SAFE, that the number of shares issuable to the investor was variable depending on the occurrence, or non-occurrence, of specified future events and conditions, based on the post-money valuation cap of such arrangements.

(Expressed in United States dollars)

10. CONVERTIBLE PROMISSORY NOTES (continued)

The Company designated the entire convertible promissory notes as financial liabilities at FVTPL as permitted by IFRS 9. On initial recognition, the Company measured the liability at an amount equal to the aggregate proceeds that were received from investors in exchange for the note. There were no significant factors affecting the subsequent convertible promissory notes issued, thus, no adjustment to the fair value was made as the fair value equated to the carrying amount.

Promissory notes consisted of the following:

For the year ended	March 31, 2021	March 31, 2020
Balance, beginning of the year	$ 60,639	$ -
Additions	10,000	76,000
Interest expense	41,361	59,639
Issuance of SAFE	(65,000)	(75,000)
Repayment	(47,000)	-
Balance, end of the year	$ -	$ 60,639

(i) On December 4, 2019, the Company received $15,000 for a promissory note convertible into a SAFE with the principal due on or before February 28, 2020. At time of repayment, the holder had the option to convert the $15,000 loan for $15,000 in the form of a SAFE. The Company is also required to provide the lender $15,000 in the form of a SAFE as consideration for interest. On February 28, 2020, the promissory note was converted, and the Company issued SAFEs of $30,000.

On October 31, 2019, the Company received $10,000 for a promissory note convertible into a SAFE with the principal due on or before April 4, 2020. At time of repayment, the holder had the option to convert the $10,000 loan for $10,000 in the form of a SAFE. The Company is also required to provide the lender $10,000 in the form of a SAFE as consideration for interest. On April 4, 2020, the promissory note was converted, and the Company issued SAFEs of $20,000.

(ii) On December 23, 2019, the Company received $5,000 for a promissory note convertible into a SAFE with the principal of the promissory note due on or before April 23, 2020. At time of repayment, the holder had the option to convert the $5,000 loan for $5,000 in the form of a SAFE. The Company is also required to provide the lender $5,000 in the form of a SAFE as consideration for interest. On April 23, 2020, the promissory note was converted, and the Company issued SAFEs of $10,000.

(iii) On January 24, 2020, the Company received $10,000 for a promissory note convertible into a SAFE. The principal of the promissory note shall be paid to the holder on or before April 24, 2020. At time of repayment, the holder had the option to convert the $10,000 loan for $10,000 in the form of a SAFE. The Company is also required to provide the lender $10,000 in the form of a SAFE as consideration for interest. On April 24, 2020, the promissory note was converted, and the Company issued SAFEs of $20,000.

(iv) On January 27, 2020, the Company received $30,000 for a promissory note convertible into a SAFE. The Company shall pay $36,000 to the holder of the promissory note on or before February 28, 2020. In case repayment on the loan is delayed, the outstanding balance will accrue 10% monthly interest until the date that the loan is repaid in full. The Company is also required to provide the lender $30,000 in the form of a SAFE as consideration for interest. On February 18, 2020, a $30,000 SAFE was issued as consideration for interest, and on June 17, 2020, the promissory note was repaid in full.

(v) On April 20, 2020, the Company received $10,000 for a promissory note convertible into a SAFE with the principal of the promissory note due on or before July 21, 2020. At time of repayment, the holder had the option to convert the $10,000 promissory note for $10,000 in the form of a SAFE. The Company is also required to provide the lender $31,000 in the form of a SAFE as consideration for interest. The promissory note was repaid on September 14, 2020.

(Expressed in United States dollars)

11. COMMITMENTS

The Company has an obligation to pay royalty payments to Cyberlab (Note 7), in the case of a liquidity event. A liquidity event includes, an initial public offering, acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") after a plan is established, to qualifying consultants and employees in the future at terms to be determined at grant date based on the market price of the Company's shares at the time of grant. Subsequent to March 31, 2021, the Company assigned this obligation to Verses Technologies Inc.

Equity Compensation Type	Company	Grant as a Percentage of Outstanding Shares at Date of Grant [1]	Equity Incentive Units
Options, RSU or DSU	Verses	14.86%	-
Options, RSU or DSU	Verses	-	1,541,396
Warrants	VGlobal	8%	-
Warrants	VLOG	8%	-
Warrants	VHEAL	4%	-
Warrants	VINC	20%	-

[1] Of this, 1.40% of Verses and 5% of VINC are committed to related parties.

12. SHARE CAPITAL

On March 28, 2021, the Company adopted an amended Articles of Incorporation to create Class A and Class B common share classes, whereby each share of the Company's common stock currently outstanding will automatically be reclassified, changed and converted into one share of Class B common stock. Each shareholder of Class A shall be entitled to one vote for each share. Each shareholder of Class B shall be entitled to 6.25 votes for each share.

a) Authorized common shares

There are a total number of 100,000,000 Class A common shares and 10,000,000 Class B common shares authorized for issue at a par value of $0.00001.

b) Issued

As at March 31, 2021, the Company had nil Class A common shares and 10,000,000 Class B common shares issued and outstanding (2020 - 10,000,000, 2019 - 10,000,000).

13. FINANCIAL INSTRUMENTS

As at March 31, 2021, the Company's financial instruments consist of cash, restricted cash, accounts payable and accrued liabilities.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

13. FINANCIAL INSTRUMENTS (continued)

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in note 9.

As at March 31, 2021, the Company had cash of $136,172, accounts payable and accrued liabilities of $1,167,700, loans payable of $547,879 and promissory notes payable of $nil. All accounts payable and accrued liabilities are due within 30 days.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in euros, and is therefore exposed to exchange rate fluctuations. At March 31, 2021, the Company had the equivalent of $2,431 in net financial liabilities denominated in euros.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. At March 31, 2021, the Company does not hold any liabilities that are subject to interest.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

(Expressed in United States dollars)

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of their technology. The Company considers the items in shareholders' deficiency as capital. There has been no change to what the Company considers capital from the prior year. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares, dispose of assets or adjust the amount of cash. There has been no change to how capital is managed from the prior year.

15. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

	March 31, 2021	March 31, 2020
Loss before income taxes	$ (2,528,154)	$ (1,828,006)
Statutory income tax rate	30%	30%
Expected income tax recovery	(754,000)	(545,000)
Non-deductible expenditures and non-taxable revenues	90,000	46,000
Change in unrecognized deductible temporary differences	664,000	658,000
Permanent differences	-	(159,000)
Income tax recovery	$ -	$ -

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	March 31, 2021	March 31, 2020
Deferred income tax assets		
Losses carried forward – US	$ 1,248,000	$ 584,000
Intangible assets	448,000	448,000
Total deferred income tax assets	1,696,000	1,032,000
Unrecognized deferred tax assets	(1,696,000)	(1,032,000)
Net deferred tax assets	$ -	$ -

As at March 31, 2021, the Company has estimated non-capital losses for US income tax purposes of $4,183,000 that may be carried forward to reduce taxable income derived in future years. These losses expire have no expiry date.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SUBSEQUENT EVENTS

a) Subsequent to March 31, 2021, $377,737 of supplier debt included in accounts payable and accrued liabilities was waived by the suppliers of Verses, in exchange for revised contracts, which included the potential for future equity compensation consisting of stock options, warrants, Restricted Stock Units ("RSUs") and Deferred Stock Units ("DSUs").

b) Subsequent to March 31, 2021, SAFEs totalling $1,994,622 were converted into common shares at a price of US$0.46 per share.

c) On June 21, 2021, the Company entered into a Contribution Agreement with Verses Technologies Inc. ("VTI"), a non-arms length company. Pursuant to the Contribution Agreement, the Company's shareholders exchanged all their outstanding common shares for common shares of VTI (the "Transaction"). The Transaction was completed on July 20, 2021. The Transaction will be accounted for as a reverse takeover, whereby the Company is reflected as the accounting acquirer and VTI as the accounting acquiree. Management has evaluated that VTI did not meet the definition of a business as defined by IFRS 3 *Business Combinations*, as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted for as an acquisition of VTI's net assets by the issuance of shares of the Company to VTI's shareholders.

   The fair value of the shares that will be held by shareholders of VTI was determined based on there being 14,434,603 common shares issued and outstanding as of the date of the Transaction. The fair value of the common shares was determined using a price of $0.31 (CAD $0.40) per share being the price of the May 28, 2021 warrant financing.

d) The Company issued 608,695 shares pursuant to the private placement in July 2021 for net proceeds of $280,000 at $0.46 per share.

e) The Company issued 20,000,000 special warrants pursuant to the private placement for gross proceeds of $12,817,106 (CAD $16,000,000). Special warrants of the Company (the "Special Warrants") at a price of Cdn$0.80 per special warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a "Unit Warrant"), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share of the Issuer (a "Unit Warrant Share") at an exercise price of $1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

f) Subsequent to March 31, 2021, the Company repaid all loans due to related parties totalling $2,417,688.

g) On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

SCHEDULE "F" – ANNUAL MD&A OF VTU

Management's Discussion and Analysis for the VERSES Business, or for VTU, for the years ended March 31, 2021, 2020 and 2019

(See attached)

This Management Discussion and Analysis ("MD&A") of VERSES Technologies USA, Inc. (formerly Verses Labs Inc.) ("Company" or "VERSES") is for the year ended March 31, 2021, and is prepared by management using information available as of May 17, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the company for the year ended March 31, 2021, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

BUSINESS OVERVIEW

The Corporation was incorporated on September 19, 2018 under the laws of the state of Wyoming, the United States.

VERSES is a next generation technology company that is developing the COSM™ Operating System ("**COSM**") which accelerates next generation application development and deployment by helping manage network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web™ (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, datasets, and Artificial Intelligence ("**AI**") models for third party services and developers with early access in late 2022 and with scalable growth in early 2023.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, ethically-aligned network of humans, machines and AI. COSM is the network operating system for the Spatial Web and streamlines development and deployment of applications on the Spatial Web.

COSM is the spatial computing operating system which will be an inter-operating platform for developing and deploying autonomous applications on the Spatial Web. COSM is designed to be hardware and software agnostic. It will enable context-aware information and activities to be collaboratively shared between dynamic plug and play networks of devices and applications.

VERSES' initial COSM application, Wayfinder™ ("**Wayfinder**"), is focused on optimizing and automating warehouse operations by improving the use of space and the flow of assets via AI-assisted routing and predictive intelligence.

VERSES invests heavily in research and development with activities centered around developing a Spatial Web Operating System for improving the enrichment and flow of context between systems. This includes ongoing exploration of the following:

- Spatial Domain Name System for routing queries to the appropriate endpoints and serving spatial content
- Spatial Domain Registries and Spatial Web Search capabilities and services
- Mapping information and sensor data streams as graph relationships and interdependencies
- Transcribing regulatory policies and into machine executable code
- Defining requirements and restrictions as parameters for generating adaptive goal-oriented pathways and emergent solutions
- Developing machine learning models, and algorithms to simulate and optimize routing, inventory volume and placement as well as curation, delegation, scheduling, and sequencing of recommended actions

The majority of research and development is performed in-house supplemented by subcontractors who are domain experts in their respective fields (i.e. self sovereign identity, blockchain, active inference). Additional effort is spent learning how to apply and configure these general offerings to specific problems in different industries.

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (e.g. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

Intangible properties

VERSES recognizes the importance of its' intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries. The following are patents, copyrights, trademarks and other intangible property relevant to the Company's business:

Patents

- Smart Cart patent application 63/360,286 filed on September 21, 2021

Copyrights

- Source code for COSM and all software applications, APIs, adaptors, patches and libraries
- HyperSpace Transfer Protocol (HSTP) specifications, schematics and other documentation
- HyperSpace Markup Language (HSML) specifications, schematics and other documentation
- Proprietary images and logo designs
- Sales and marketing collateral
- Technical and investor presentations

Trademarks

- USPTO Registration No. 5838650 ("VERSES") in Cl 42 (Registered: August 20, 2019. Expires: August 19, 2029)
- USPTO Registration No. 5839158 ("THE POWER OF SMART SPACE") in Cl 42 (Registered: August, 20, 2019. Expires: August 19, 2029)
- USPTO Appl. Serial No. 90613487 ("SPATIAL WEB") in Cl 42
- USPTO Appl. Serial No. 90613529 ("Powering the Spatial Web") in Cl 42
- USPTO Appl. Serial No. 88271188 ("VERSES SPATIAL WEB PROTOCOL") in Cl 42
- USPTO Appl. Serial No. 88271290 ("SPATIAL INTELLIGENCE MANAGEMENT") in Cl 42
- USPTO Appl. Serial No. 90612603 ("COSM")
- USPTO Appl. Serial No. 90610648 ("COSM OS")
- European Appl. Serial No. 018392857 ("VERSES")
- European Appl. Serial No. 018392875 ("COSM")
- European Appl. Serial No. 018392876 ("WAYFINDER")
- European Appl. Serial No. 018392878 ("POWERING THE SPATIAL WEB")
- European Appl. Serial No. 018392879 ("SPATIAL WEB")

Miscellaneous Intangible assets

- IEEE considers HSTP protocol a "Public Imperative" and approved a Spatial Web Working Group to develop as an international standard

- IP Attorney is former SAP Chief IP Officer and Patent Counsel for R&D Global at SAP

REGULATORY ENVIRONMENT

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

Because our software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally-identifiable data, we make best efforts to comply with data privacy and security laws applicable to each location and/or sector that we participate in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and other rulesets. We are not only sensitive to the importance of these regulations, and routinely employ "privacy by design" when crafting our various applications and service offerings. In fact, we specifically designed COSM to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally-identifiable data of third parties. As a result, we have established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Highlights

VERSES entered into agreements with Volvo, Honeywell and AstraZeneca in 2021 to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on the COSM operating system. VERSES has a teaming agreement with Deloitte, one of the world's largest system integrators, to bring solutions to Deloitte clients and for Deloitte to lead implementations of Wayfinder and COSM to such clients. VERSES developed an active pipeline of potential clients and customers including, without limitation, Fortune 500 companies such as Mars, Johnson & Johnson, Daimler and P&G.

On August 25, 2021, VERSES entered into a service agreement with NRI Distribution to roll out Wayfinder and COSM into NRI Distribution's warehousing operations. The service agreement with NRI Distribution has a term of 11 years.

On October 21 and November 2, 2021, the Company completed two tranches of a private placement offering (the "Special Warrant Financing") of 20,000,000 special warrants (the "Special Warrants") at an issue price of CAD$0.80 per Special Warrant for aggregate gross proceeds of CAD$16,000,000. Each Special Warrant will be deemed to be exercised into one Unit (a "Special Warrant Unit") on the date that is earlier of: (i) the date on which the Company obtains a receipt from the applicable securities commissions in Canada for its final prospectus qualifying the distribution of the Special Warrant Units; and (ii) the date that is four months and a day after date of issuance of the Special Warrants. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "Unit Share") and one-half of one Subordinate Voting Share purchase warrant (a "Unit Warrant"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

Subsequent to March 31, 2021, the Company repaid all loans due to related parties totalling $2,417,688

On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the year ended March 31, 2021 ("Fiscal 2021") and comparable year ended March 31, 2020 ("Fiscal 2020"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Fiscal 2021	**Fiscal 2020**
Total revenue	$ 97,200	$ 125,000
Net loss for the fiscal year	(2,528,154)	(1,826,314)
Loss per share, basic and fully diluted	(0.25)	(0.18)
Total assets	909,247	250,768
Total liabilities	$ (7,045,690)	$ (3,859,057)

The following table provides an overview of the financial results in Fiscal 2021 as compared to Fiscal 2020:

	Fiscal 2021	**Fiscal 2020**	**Change**
Revenue	$ 97,200	$ 125,000	$ (27,800)
Cost of services	(663,466)	(377,119)	(286,347)
	(566,266)	(252,119)	(314,147)
Operating expenditures:			
Management fees	868,261	805,005	63,256
Share based payments	297,000	100,000	197,000
General and administration	707,798	385,802	321,996
	1,873,059	1,290,807	582,252
Loss before other income (loss)	(2,439,325)	(1,542,926)	(896,399)
Grant Income	208,473	-	208,473
Interest expense	(297,302)	(283,388)	(13,914)
Net loss	$ (2,528,154)	$ (1,826,314)	$ 701,840

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $2,528,154 in Fiscal 2021 which is 38% higher than the loss of $1,826,314 in Fiscal 2020. The 2021 increase in losses was mainly due to higher hosting and development costs of $286,347. Other expenses such as management fees (increase of $60,256), legal fees (increase of $104,040), and share-based payments (increase of $197,000) also contributed to the loss increase.

Revenues

During Fiscal 2021, the Company experienced a decrease in revenue of 22%, or $27,800.

	Fiscal 2021	**Fiscal 2020**
Development of software	$ 97,200	$ 125,000

Cost of Services

The company incurred $663,466 in cost of services in Fiscal 2021, this represents an increase of $286,347 when compared to Fiscal 2020.

For the year ended	**Fiscal 2021**	**Fiscal 2020**
AWS Amazon hosting to customers' developments	$ 19,828	$ 11,264
Development costs	643,638	365,855
	$ 663,466	$ 377,119

Operating expenses

Operating expenses were $1,873,059 in Fiscal 2021 compared to $1,290,807 in Fiscal 2020 which represented an increase of $582,252. The changes in operating expenses were primarily impacted by the following items:

	Fiscal 2021	**Fiscal 2020**	**Change**
Accounting fees	$ 102,311	-	$ 102,311
Legal fees	124,549	20,509	104,040
Management fees	868,261	808,005	60,256
Share-based payments	297,000	100,000	197,000
Travel and meals	6,934	105,197	(98,263)
Consulting fees	178,751	-	178,751
Other expenses	295,253	257,096	38,157
	$ 1,873,059	$ 1,290,807	$ 582,252

- Accounting fees expenses increased by $102,311 due to the increased need to engage an auditor and a specialized CPA firm as part of the preparation for listing on a public exchange.
- Legal fees increased by $104,040 in Fiscal 2021 as compared to Fiscal 2020 because general increase in financing and capital market activities.
- Management fees increased by $60,256 related to the increased engagement of management personnel.
- Share-based payments increased in $197,000 when compared to the previous year because settlements reached with key personnel.
- During Fiscal 2021, the Company had limited direct access to customers and vendors due to travel restrictions imposed by the COVID-19 pandemic. As a result, there was a reduction in travel costs of $98,263.
- Consulting fees increased by $178,751 because the team hired to provide technical expertise on geospatial infrastructure under the terms of the grant from the Innovation and Networks Executive Agency ("INEA").

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal 2021	**Fiscal 2020**	**Change**
Cash used in operating activities	$ (658,272)	$ (564,729)	$ (93,543)
Cash provided by financing activities	1,525,209	569,077	956,132
Net (decrease) increase in cash and cash equivalents	$ 866,937	$ 4,348	$ 862,589

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities increased to $658,272 in Fiscal 2021 from $564,729 in Fiscal 2020. This increase of $93,543 is primarily due to increase in development costs.

The increase in financing activities is attributable to the issuance of SAFEs for cash proceeds of $1,732,000.

As of March 31, 2021, the Company had a negative working capital of $5,588,564 compared to the negative working capital of $3,295,315 as of March 31, 2020. Subsequent to year-end, the Company issued 20,000,000 special warrants pursuant to the private placement for gross proceeds of $12,817,106 (CAD$16,000,000) returning the Company into a positive working capital position.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

COMMITMENTS

In the case of a liquidity event of a subsidiary of VERSES, which includes an IPO; acquisition for cash or third party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated, a Royalty Payment is to be paid by VERSES to Cyberlab, LLC ("Cyberlab"), a company owned by the President and Founder of VERSES, in the amount of 10% of its interest in said liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU"), or restricted stock unit ("RSU") after a plan is established, to qualifying consultants and employees in the future at terms to be determined at grant date based on the market price of the Company's share price at the time of grant. Subsequent to March 31, 2021, the Company assigned this obligation to VERSES Technologies Inc.

Equity Compensation Type	Company	Equity Incentive Units
Options, RSU or DSU	Verses Technologies USA, Inc.	17,478,211
Options, RSU or DSU	Verses Global BV	802,176
Options, RSU or DSU	Verses Logistics Inc.	1,062,820
Options, RSU or DSU	Verses, Inc.	2,262,829

USE OF PROCEEDS FROM FINANCING

The Company's estimated working capital as at March 31, 2022, is intended to be used as follows:

Uses of Funds	Amount
Developing and furthering adoption of the Spatial Web Protocols(1)	$350,000
Developing COSM spatial web operating system and selected applications(2)	$1,900,000
Sales and marketing for customer acquisition, branding, and public relations(3)	$1,100,000
Research and Development(4)	$550,000
Investor Relations(5)	$300,000
Listing Costs(6)	$275,000
General, Administrative & Executive Management(7)	$1,400,000
Unallocated Working Capital	$625,000
Total	**$6,500,000**

Notes:

(1) Consisting of costs for promoting the adoption of Spatial Web protocols including conference attendance and promotion, speaker engagements, promotion of business development contacts and promotion and marketing in respect of the first inaugural Spatial Web Foundation Symposium, and costs incurred by the Chief Adoption Officer's team, such as the landscape analyses, lobbying efforts, and digital marketing.

(2) Including the salaries of 12 developers - $1,140,000 and the expected salaries of additional 10 development staff up to $760,000.

(3) Consisting of costs related to sales materials and toolkits - $20,000, salaries of sales staff focused on customer acquisition - $432,000, contractor efforts for branding and general marketing including the launch of awareness

campaigns - $275,000, and salary and operating costs for marketing consultant(s) focused on executing informational campaigns with social media influencers - $373,000.
(4) Salary and operating costs for nine (9) member research team focused on neuroscience based probabilistic modeling, advanced mathematics, active inference, category theory, and machine learning to provide a sound scientific basis for highly distributed, scalable, context-aware adaptive computing architectures and applications capable of displaying autonomic enactive intelligence in any reasonable form or format.
(5) Consisting of investor relations consulting costs including, but not limited to, public relations campaign for the Listing - $125,000 and ongoing costs for investor relations campaigns - $150,000.
(6) Legal and accounting fees - $185,000, approximate NEO listing fees - $65,000 and transfer agent fees - $25,000.
(7) General, Administrative and Executive Management costs including compensation for C-Suite executives including Chief Executive Officer, President, Chief Administration Officer, Chief Financial Officer, General Counsel and outside counsel, Human Resources Manager and Human Resource consultants, and IT Management - $990,000; Director and Officer Insurance and other liability insurances such as cyber-crime and general/personal liability insurance - $250,000, third party subscription software fees, and, directors fees and travel and business development - $160,000.

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company's circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Company to achieve its overall business objectives. In addition, the current COVID pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed.

Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "Risk Factors".

OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	The date of this MD&A	March 31, 2021
Shares issued on incorporation	-	10,000,000
Common shares cancelled in re-organization	-	(10,000,000)
Shares issued to Class A shareholders	40,382,512	-
Shares issued to Class B shareholders	10,000,000	10,000,000

OUTSTANDING WARRANTS

As at	**Notes**	**The date of this MD&A**	**Fiscal 2021**
Warrants	(1)	1,250,000	-
Finder Warrants	(2)	1,601,000	-
Warrants	(3)	11,302,035	-
		14,153,035	-

Notes:
(1) Issued pursuant to the Amalgamation to a service provider of Former VERSES. Each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.
(2) Issued in connection with the Special Warrant Financing in October and November 2021.
(3) Issued in connection with the Special Warrant Financing. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "Unit Share") and one-half of one Subordinate Voting Share purchase warrant (a "Unit Warrant"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the year ended	**Fiscal 2021**	**Fiscal 2020**
Management fees	$565,755	$465,000
Share-based payments	200,000	100,000
	$765,755	$565,000

The following management members incurred in the management fees:

	Fiscal 2021	**Fiscal 2020**
Management wages, Chief Executive Officer and Founder	$ 142,845	$ 120,000
Management wages, President and Founder	120,000	120,000
Management wages, Chief Financial Officer	66,910	30,000
Management wages, Director of Product Integration	196,000	195,000
Management wages, Company owned by Advisor	40,000	-
Total	$ 565,755	$ 465,000

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at March 31, 2021 and March 31, 2020, were amounts totaling $464,789 and $368,358, respectively, due to key management personnel.

At March 31, 2021, the Company has a loan totaling $211,661 (2020 - nil) with the Chief Finance Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is required to be paid on or before February 28, 2022.

At March 31, 2021, the Company has a loan of $116,168 (2020 - $142,162) with a senior executive. The loan bears an annual interest rate of 10% compounded daily.

At March 31, 2021, the Company has a loan of $77,650 ($80,173) with Green Soma, a company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily.

At March 31, 2021, the Company has a loan of $1,590,515 (2020 - $1,846,376) with Cyberlab LLC ("Cyberlab"), a company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily.

At March 31, 2021, the Company has a loan of $nil (2020 - $30,000) with FountainTec LLC, a company owned by a senior executive.

FINANCIAL INSTRUMENTS

As at March 31, 2021, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The promissory notes, amounts receivable, accounts payable and accrued liabilities all have carrying amounts that approximate their fair values, due to either the short-term nature of these instruments or the attached market rate of interest.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in note 9.

As at March 31, 2021, the Company had cash of $136,172, accounts payable and accrued liabilities of $1,167,700, loans payable of $547,879 and promissory notes payable of $nil. All accounts payable and accrued liabilities are due within 30 days.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in euros, and is therefore exposed to exchange rate fluctuations. At March 31, 2021, the Company had the equivalent of $2,431 in net financial liabilities denominated in euros.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. At March 31, 2021, the Company does not hold any liabilities that are subject to interest.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

TRANSACTIONS

In June 2021, the Company entered into a Contribution Agreement with Verses Technologies Inc. ("VTI"), a non-arms length company. Pursuant to the Contribution Agreement, the Company's shareholders exchanged all their outstanding common shares for common shares of VTI (the "Transaction"). The Transaction was completed on July 20, 2021. The Transaction will be accounted for as a reverse takeover, whereby the Company is reflected as the accounting acquirer and VTI as the accounting acquiree. Management has evaluated that VTI did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted for as an acquisition of VTI's net assets by the issuance of shares of the VTI to VTU's shareholders.

The fair value of the shares that will be held by shareholders of VTI was determined based on there being 14,434,603 common shares issued and outstanding as of the date of the Transaction. The fair value of the common shares was determined using a price of $0.31 (CAD $0.40) per share being the price of the May 28, 2021 warrant financing.

SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

Revenue represents the amount the Company has recognized for the services it has provided to its contracts with customers, net of discounts and sales taxes. The Company provides consulting, programming and customized software solutions to private and public entities.

Revenue from software development is evaluated to determine whether performance obligations are satisfied at a point in time or over time. The Company performs the following five steps when determining whether amounts are to be recognized in a given period:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contracts; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenues when the Company has satisfied the performance obligations of each service contract or milestone. When a fixed price contract has been entered into and performance obligations have been identified, the related revenues are recognized at each stage the Company satisfies a performance obligation; that is, when control and risks and rewards of the revenue contract have been passed to the customer. The performance obligations are satisfied at a point in time or over a period of time, depending on the nature of the performance obligation. A contract asset is recognized as performance obligations are complete and reclassified to accounts receivable when invoiced. A contract liability is recognized if payments are received prior to the work being completed.

IFRS 15 Cost of Revenue

Cost of revenue includes expenses incurred for development of applications (consists of labour costs of technical staff and other direct costs) and hosting services.

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. The new standard replaces International Accounting Standard 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

For any new contracts entered on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration". To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. During the year ended March 31, 2021, the Company expensed short-term leases, month-to-month memberships and leases of low value for $252,774

(2020 - $231,174, 2019 - $nil). On the consolidated statement of financial position, right-of-use assets would be included under non-current assets, and lease liabilities included under current and non-current liabilities.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the unaudited condensed interim financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventative or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated on September 19, 2018 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. There may be factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. Forward-looking statements are not a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.

SCHEDULE "G" – INTERIM VTU FINANCIAL STATEMENTS

Unaudited Consolidated Interim Financial Statements of the VERSES Business, or of VTU, for the three months ended June 30, 2021 and 2020

(See attached)

VERSES TECHNOLOGIES USA, INC.
(Formerly VERSES Labs Inc.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2021 and 2020
(Unaudited - Expressed in United States dollars)

VERSES TECHNOLOGIES USA, INC. (Formerly VERSES Labs Inc.)
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in United States dollars)

As at	Notes	June 30, 2021	March 31, 2021
ASSETS			
CURRENT			
Cash		$ 43,780	$ 136,172
Restricted cash	3	520,841	735,113
Accounts receivables		53,325	17,962
Contract Asset	5	299,417	-
Prepaid expenses	12	3,685	20,000
		921,048	909,247
TOTAL ASSETS		$ 921,048	$ 909,247
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT			
Accounts payable and accrued liabilities	14	1,012,844	1,167,700
Deferred Revenue		44,000	-
Due to VTI	15	250,000	-
Deferred Grant	3	473,218	626,596
Due to Cyberlab LLC	6, 8	1,575,465	1,590,515
SAFE	1, 11	3,113,000	3,113,000
		6,468,527	6,497,811
Loans payable	7	511,967	547,879
TOTAL LIABILITIES		$ 6,980,494	$ 7,045,690
SHAREHOLDERS' DEFICIENCY			
Share capital	10	100	100
Obligation to issue shares	10	280,000	-
Deficit		(6,339,544)	(6,136,543)
Total Shareholders' Deficiency		$ (6,059,446)	$ (6,136,443)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$ 921,048	$ 909,247

Nature of Business and Going Concern (note 1)
Subsequent events (note 18)

Approved and authorized for issue on behalf of the Board on May 17, 2022.

"Gabriel Rene"
Director

"Dan Mapes"
Director

VERSES TECHNOLOGIES USA, INC. (Formerly VERSES Labs Inc.)
Consolidated Interim Statements of Comprehensive Loss
For the three months ended June 30, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	Notes	June 30, 2021	June 30, 2020
REVENUES	4	$ 359,417	$ -
COST OF SALES	13	(305,268)	(93,897)
		$ 54,149	$ (93,897)
EXPENSES			
Bank charges		(2,294)	(390)
Legal fees		(114,591)	(2,500)
Management fees	6	(550,672)	(128,750)
Professional fees		(20,000)	-
Office and general		(36,887)	(7,799)
Rent		(15,210)	(64,140)
Travel		(6,489)	(344)
		$ (746,143)	$ (203,923)
OTHER ITEMS:			
Interest expense	16	(50,513)	(66,893)
Other income	17	377,737	-
Grant Income	3	161,767	-
NET COMPREHENSIVE LOSS FOR THE PERIOD		$ (203,003)	$ (364,713)
Loss per Share, basic and diluted		$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding		10,000,000	10,000,000

VERSES TECHNOLOGIES USA, INC. (Formerly VERSES Labs Inc.)
Consolidated Interim Statements of Changes in Equity
For the three months ended June 30, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	Number of Common Shares	Share capital	Deficit	Obligation to issue shares	TOTAL SHAREHOLDERS' EQUITY
Inception to March 31, 2019	**10,000,000**	**$ 100**	**$ (1,782,075)**	**-**	**$ (1,781,975)**
Net loss for the period	-	-	(1,826,314)	-	(1,826,314)
March 31, 2020	**10,000,000**	**$ 100**	**$ (3,608,389)**	**$ -**	**$ (3,608,289)**
Net loss for the period	-	-	(364,713)	-	(364,713)
June 30, 2020	**10,000,000**	**$ 100**	**$ (3,973,102)**	**$ -**	**$ (3,973,002)**
Net loss for the period	-	-	(2,163,441)	-	(2,163,441)
March 31, 2021	**10,000,000**	**$ 100**	**$ (6,136,543)**	**$ -**	**$ (6,136,443)**
Stocks Payable	-	-	-	280,000	280,000
Net loss for the period	-	-	(203,003)	-	(203,003)
June 30, 2021	**10,000,000**	**$ 100**	**$ (6,339,546)**	**$ 280,000**	**$ (6,059,446)**

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

VERSES TECHNOLOGIES USA, INC. (Formerly VERSES Labs Inc.)
Consolidated Interim Statements of Cash Flows
For the three months ended June 30, 2021 and 2020
(Unaudited - Expressed in United States dollars)

	June 30, 2021	June 30, 2020
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (203,003)	$ (364,713)
Adjustments to income		
Interest expense	50,513	66,893
Gain on settlement of accounts payable	(377,737)	-
Settlement of Promissory notes through SAFEs	-	(35,000)
Accretion expense	-	6,861
Changes in non-cash working capital		
Accounts receivable	(47,635)	-
Deferred grant	(153,378)	-
Deferred revenue	44,000	
Prepaid expenses	16,315	-
VAT Receivable	12,272	-
Contract asset	(299,417)	-
Accounts payable and accrued liabilities	222,881	303,985
Net cash used in operating activities	**(735,189)**	**(21,974)**
FINANCING ACTIVITY		
Proceeds received for obligation to issue shares	280,000	-
Issuance of VTI promissory note	250,000	-
Repayment of loans	(100,833)	(24,275)
Interest Payment	(642)	-
Repayment of promissory notes	-	(52,000)
Issuance of Promissory notes	-	9,500
Issuance of SAFEs to settle promissory notes	-	35,000
Issuance of Loans	-	142,400
Issuance of SAFEs in subsidiary	-	250,000
Cash provided by financing activity	**428,525**	**360,625**
Net change in cash and restricted cash	$ (306,664)	338,651
Cash and restricted cash, beginning of the period	871,285	4,348
Cash and restricted cash, end of the period	$ 564,621	$ 342,999

1. NATURE OF BUSINESS AND GOING CONCERN

VERSES Technologies USA, Inc. (formerly, Verses Labs Inc.) ("Verses" or the "Company") was incorporated on September 19, 2018 under the laws of the state of Wyoming. The Company's principal business activities is selling Spatial Web software globally across a variety of industries, including logistics, hospitals, smart cities, education, entertainment and more. The Company's head and registered office is located at 5877 Obama Boulevard, Los Angeles, California, USA, 90016.

On January 18, 2022, Verses Labs Inc. changed its name to VERSES Technologies USA, Inc. ("VTU" or "Company").

For the period ended June 30, 2021, the Company incurred a net loss and comprehensive loss of $203,003, which was funded by the issuance of equity through Simple Agreements for Future Equity ("SAFE") and loans with related parties. At June 30, 2021, the Company has a working capital deficit of $5,547,479 and an accumulated deficit of $6,339,546. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The above factors and the necessity that the Company raise sufficient funds to carry out its growth plans is conditional, in part, on the continuation of its agreements and investor support. The material uncertainty raised by these events and conditions may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern. In such circumstances, the Company would be required to realize its assets and discharge its liabilities outside of the normal course of business, and the amounts realized could differ materially from those reflected in the accompanying consolidated financial statements.

The outbreak of the coronavirus, also known as COVID-19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain, and as such, the Company cannot determine their financial impact at this time.

These consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(Unaudited - Expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The notes presented in these consolidated interim consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year end and they do not include all of the information required in the Company's most recent annual consolidated financial statements. Except as noted below, these consolidated interim consolidated financial statements follow the same accounting policies and methods of application as the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2021, which were prepared in accordance with IFRS as issued by IASB.

b) Basis of presentation

The consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

c) Consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiaries 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.

Details of the Company's principal subsidiaries at June 30, 2021 and March 31, 2021 are as follows:

Name	Place of Incorporation	June 30, 2021 Interest %	March 31, 2021 Interest %
Verses Logistics Inc.	Wyoming, USA	100%	100%
Verses Real Estate Inc.	Wyoming, USA	100%	100%
Verses Realities Inc.	Wyoming, USA	100%	100%
Verses Health Inc.	Wyoming, USA	100%	100%
Verses Global BV	Netherlands	100%	100%
Verses Group Holdings LLC	Wyoming, USA	100%	100%

All intercompany balances and transactions were eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. The company entered into agreements for both Proof of Concept and Software-as-a-Service which are longer in nature, and the company has recorded a contract asset which is representative of receivables from the agreements not yet billed to the customer.

Contract assets

The timing of revenue recognition, billings and cash collections results in accounts receivables and unbilled receivables, representing the contract assets. Generally, billings occur subsequent to revenue recognition, resulting in the recognition of accounts receivables. The Company's contract assets relate to performance obligations completion as defined in agreements with customers not yet billed. Unbilled receivables will be billed, and transferred to accounts receivable, in accordance with the agreed-upon contractual terms.

e) Revenue recognition

Revenue represents the amount the Company has recognized for the services it has provided to its contracts with customers, net of discounts and sales taxes. The Company provides consulting, programming and customized software solutions to private and public entities.

Revenue from software development is evaluated to determine whether performance obligations are satisfied at a point in time or over time. The Company performs the following five steps when determining whether amounts are to be recognized in a given period:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contracts; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenues when the Company has satisfied the performance obligations of each service contract or milestone. When a fixed price contract has been entered into and performance obligations have been identified, the related revenues are recognized at each stage the Company satisfies a performance obligation; that is, when control and risks and rewards of the revenue contract have been passed to the customer. The performance obligations are satisfied at a point in time or over a period of time, depending on the nature of the performance obligation. A contract asset is recognized as performance obligations are complete and reclassified to accounts receivable when invoiced. A contract liability is recognized if payments are received prior to the work being completed.

(Unaudited - Expressed in United States dollars)

3. DEFERRED GRANT

The Company received a grant from the Innovation and Networks Executive Agency ("INEA") to provide technical expertise on geospatial infrastructure.

Under the grant agreement, the Company received $836,393 (€712,222). The funds received under this agreement are to reimburse the Company for amounts spent on the project.

As at	June 30, 2021
Balance, beginning of the year	$ 626,596
Expenses on the project	(161,767)
Foreign exchange adjustment	8,389
Balance, ending	$ 473,218

4. REVENUE

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15.

For the period ended	June 30, 2021
Recognized at a point in time	$ 292,750
Recognized over the duration of contracts	66,667
	$ 359,417

Revenues are recognized at the point in time the Company has provided services to customers. Programming and software development contracts extending over multiple months are recognized in revenue as related core customization and installation of modules, and subsequent maintenance services are provided to the Company's customers. Revenue relating to ongoing contracts is recognized on a monthly basis as services are performed. The Company has elected to adopt the practical expedient of IFRS 15 to not disclose information about remaining performance obligations that have an expected duration of less than one year.

All of the Company's revenue is earned in the United States.

Customers accounting for more than 10% of net revenue are as listed below:

For the period ending	June 30, 2021	June 30, 2020
Customer A	82%	-

(Unaudited - Expressed in United States dollars)

5. CONTRACT ASSET

Customer A - contract asset

For the period ended	**June 30, 2021**
Opening balance	**-**
Revenue Recognized that was included in the contract asset	
Customer A - warehouses rollout (a)	168,750
Customer A - maintenance (b)	66,667
Sub total	235,417
Invoices billed that were applied to the contract asset	-
Contract Asset for Customer A, ending	**$235,417**

Customer B - contract asset

For the period ended	**June 30, 2021**
Opening balance	**-**
Revenue Recognized that was included in the contract asset	
Customer B - Milestone 1 (c)	25,000
Customer B - Milestone 2 (d)	35,000
Customer B - Project management (e)	4,000
Sub total	64,000
Invoices billed that were applied to the contract asset	-
Contract Asset for Customer B, ending	**$64,000**
Total Contract Assets, ending	**$299,417**

(a) Represent the roll out of the solution to 3 warehouses where the system is implemented and picks are being performed under the SaaS solution.
(b) According to the service level agreement for the first month of support for service reporting and performance and incident management.
(c) Discovery, orientation, diligence, systems audit, data analysis.
(d) Virtual Digital Twin (3D model with spatial analytics).
(e) Project Management and Administration.

(Unaudited - Expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the period ended	June 30, 2021	June 30, 2020
Management fee	$ 211,914	$ 128,750

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at June 30, 2021, were amounts totaling $217,254 due to key management personnel (2020 – $348,481).

At June 30, 2021, the Company has a loan totalling $196,017 (2020 – nil) with the Chief Finance Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is required to be paid on or before February 28, 2022. (Note 7)

At June 30, 2021, the Company has a loan of $92,995 (2020 – $145,841) with a senior executive. The loan bears an annual interest rate of 10% compounded daily.(Note 7)

At June 30, 2021, the Company has a loan of $79,220 (2020 - $81,727) with Green Soma, a company owned by a director. The loan bears an annual interest rate of 10% compounded daily.(Note 7)

At June 30, 2020, the Company has a loan of $1,575,465 (2020 - $1,577,676) with Cyberlab, LLC ("Cyberlab"), a company owned by a director. The loan bears an annual interest rate of 10% compounded daily.(Note 8)

At June 30, 2021, the Company has a loan of $nil (2020 - $20,000) with FountainTec LLC, a company owned by a senior executive. (Note 7)

7. LOANS

Loan activity consisted of the following:

As at	June 30, 2021	March 31, 2021
Balance, beginning	$ 547,879	$ 252,335
Additions	-	432,400
Repayment	(45,833)	(165,666)
Interest expense	9,921	28,810
Balance, ending	$ 511,967	$ 547,879

For the period ended June 30, 2021, the Company has not entered into new loan agreements.

For the period ended March 31, 2021, 2021, the Company entered into the following loan agreements:

(i) On June 5, 2020, the Company received a $142,400 loan from the U.S. Small Business Administration. The loan is unsecured and bears interest of 3.75% per annum and requires monthly payments of $646 starting in June 2021 with a maturity date in 30 years.

(Unaudited - Expressed in United States dollars)

7. LOANS (continued)

(ii) On October 1, 2020, the Company received a $40,000 loan from a related party. The loan is unsecured and bore interest at 10% for a total of $4,000. The loan was repaid on November 12, 2020.

(iii) On December 16, 2020, the Company received a $250,000 loan from a related party. The loan is unsecured and has an annual interest rate of 10% starting on February 1, 2021 and requires monthly payments of $20,833 including interest. The loan was repaid in full in January 2022.

8. DUE TO CYBERLAB LLC

The Company purchased software and intellectual property ("IP") from Cyberlab, a company owned by a director, for $1,500,000 and entered into a loan agreement as part of the purchase. The software and IP were not completed and did not meet the definition of an asset, therefore the Company expensed the IP upon purchase. In addition, the loan balance was impacted by operating transactions between Cyberlab and Verses. The loan is unsecured and bears interest rate at a 10.52% effective rate. The loan does not require a minimum amount of repayments to be made. However, the Company is required to pay back the loan in full, including interest, on or before March 31, 2025.

Changes to the loan is as follows:

As at	June 30, 2021	March 31, 2021
Balance, beginning of the year	$ 1,590,515	$ 1,846,376
Repayment	(55,000)	(436,525)
Interest expense	39,950	180,664
Balance, end of the period	$ 1,575,465	$ 1,590,515

9. COMMITMENTS

In the case of a liquidity event of a subsidiary of the Company, which includes an initial public offering; acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated, a royalty payment is to be paid by Verses Technologies USA Inc. to Cyberlab, in the amount of 10% of its interest in said liquidity event (note 7).

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") after a plan is established, to qualifying consultants and employees in the future at terms to be determined at grant date based on the market price of the Company's shares at the time of grant. Subsequent to June 30, 2021, the Company assigned this obligation to Verses Technologies Inc.

Equity Compensation Type	Company	Grant as a Percentage of Outstanding Shares at Date of Grant (1)	Equity Incentive Units (2)
Options, RSU or DSU	Verses Technologies USA, Inc.	14.86%	-
Options, RSU or DSU	Verses Technologies USA, Inc.	-	1,541,396
Warrants	Verses Global BV	8%	-
Warrants	Verses Logistics Inc.	8%	-
Warrants	Verses Health Inc.	4%	-
Warrants	Verses, Inc.	20%	-

(1) Of this, 1.4% of Verses Technologies USA, Inc (formerly Verses Labs Inc.) and 5% of Verses, Inc. are committed to related parties.
(2) 1,541,396 are committed to related parties.

(Unaudited - Expressed in United States dollars)

10. SHARE CAPITAL

On March 28, 2021, the Company adopted an amended Articles of Incorporation to create Class A and Class B common share classes, whereby each share of the Company's common stock currently outstanding will automatically be reclassified, changed and converted into one share of Class B common stock. Each shareholder of Class A shall be entitled to one vote for each share. Each shareholder of Class B shall be entitled to 6.25 votes for each share.

a) Authorized common shares

There are a total number of 100,000,000 Class A common shares and 10,000,000 Class B common shares authorized for issue at a par value of $0.00001.

b) Issued

At June 30, 2021, the Company had 10,000,000 outstanding shares (2020 - 10,000,000, 2019 - 10,000,000) issued for $100 for a price of $0.00001 per share.

c) Obligation to issue shares

At June 30, 2021, the Company had the obligation to issue 608,695 common shares for a price of $0.46 per share, totalling $280,000.

11. SAFE

As a key source of financing, the Company issued SAFEs.

SAFEs consist of the following:

For the year ended	June 30, 2021	March 31, 2021
Balance, beginning of the year	$ 3,113,000	$ 999,000
Additions - Equity compensation	-	297,000
Additions – Promissory notes	-	85,000
Additions – Investors	-	1,732,000
Balance, end of the period	$ 3,113,000	$ 3,113,000

For the period ended June 30, 2021, there is no SAFE activity.

For the year ended March 31, 2021, the SAFE activity is described as follows:

(i) The Company issued SAFEs worth $97,000 to certain contractors and investors, and $200,000 to the Chief Commercial Officer as equity compensation.

(ii) The Company issued SAFEs worth $85,000 to holders of promissory notes as settlement of the debt.

(iii) The Company issued SAFEs to investors for total proceeds of $1,732,000.

(Unaudited - Expressed in United States dollars)

12. PREPAID EXPENSES

As at	June 30, 2021	March 31, 2021
Beginning	$ 20,000	$ 246,420
Retainer deductions	(19,965)	-
Lease credit payment	-	(246,420)
Retainer fee	-	20,000
Advances	3,650	-
Balance, end of the period	$ 3,685	$ 20,000

13. COST OF REVENUES

As at	June 30, 2021	June 30, 2020
AWS Amazon hosting to customers' developments	$ 10,092	$ 3,847
Development costs	295,176	90,050
Total Cost of Services	$ 305,268	$ 93,897

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	June 30, 2021	March 31, 2021
Accounts payable	$ 830,148	$ 887,893
Accrued Liabilities	182,695	279,807
Total accounts payable and accrued liabilities	$ 1,012,844	$ 1,167,700

15. DUE TO VERSES TECHNOLOGIES INC. ("VTI")

On May 29, 2021, the Company received $250,000 from VTI as early installment of the anticipated transaction between Verses and Verses Labs Inc. The advance is interesting bearing at 2% per annum and due on June 30, 2023.

16. INTEREST EXPENSE

Interest expenses consisted of the following:

For the period ended	June 30, 2021	June 30, 2021
Due to Cyberlab (note 7)	$ 39,950	$ 47,745
Loans (note 6)	9,921	4,817
Promissory notes	-	10,000
Others	642	4,331
Total Interest expense	$ 50,513	$ 66,893

17. OTHER INCOME

The Company recognized a gain on the settlement of accounts payable of $377,737 from the renegotiation of the outstanding independent contract agreements ("ICAs").

18. SUBSEQUENT EVENTS

a) In July, 2021, SAFEs totalling $1,994,622 were converted into common shares at a price of US$0.46 per share.

b) On June 2021, the Company entered into a Contribution Agreement with Verses Technologies Inc. ("VTI"), a non-arms length company. Pursuant to the Contribution Agreement, the Company's shareholders exchanged all their outstanding common shares for common shares of VTI (the "Transaction"). The Transaction was completed on July 20, 2021. The Transaction will be accounted for as a reverse takeover, whereby the Company is reflected as the accounting acquirer and VTI as the accounting acquiree. Management has evaluated that VTI did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted for as an acquisition of VTI's net assets by the issuance of shares of the VTI to VTU's shareholders.

   The fair value of the shares that will be held by shareholders of VTI was determined based on there being 14,434,603 common shares issued and outstanding as of the date of the Transaction. The fair value of the common shares was determined using a price of $0.31 (CAD $0.40) per share being the price of the May 28, 2021 warrant financing.

   The Company issued 608,695 shares pursuant to the private placement in July 2021 for net proceeds of $280,000 at $0.46 per share.

c) In October and November, issued 20,000,000 special warrants pursuant to the private placement for gross proceeds of $12,817,106 (CAD$16,000,000). Special warrants of the Company (the "Special Warrants") at a price of CAD$0.80 per special warrant. Each Special warrant will, upon the exercise or deemed exercise thereof, entitle the holder to receive one unit (each, a "Unit") of the Issuer, each Unit being comprised of one Class A Subordinate Voting share (a "Unit Share"), and one-half of one transferrable Class A Subordinate Voting share purchase warrant (each whole warrant, a "Unit Warrant"), each Unit Warrant entitling the holder to acquire one Class A Subordinate Voting share of the Issuer (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share expiring 24 months from the date of issuance.

d) Subsequent to June 30, 2021, the Company repaid all loans due to related parties totalling $2,417,688.

e) On February 22 and March 3, 2022, 21,003,077 Special Warrants were converted into class A common shares.

SCHEDULE "H" – INTERIM MD&A OF VTU

Management's Discussion and Analysis for the VERSES Business, or for VTU, for the three months ended June 30, 2021

(See attached)

This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (formerly Chromos Capital Corp.) ("Company" or "VERSES") is for the period ended June 30, 2021, and is prepared by management using information available as of May 17, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the company for the period ended June 30, 2021, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

BUSINESS OVERVIEW

VERSES Technologies USA, Inc. (formerly, Verses Labs Inc.) ("Verses" or "Company") was incorporated on September 19, 2018 under the laws of the state of Wyoming, and is a fully owned subsidiary of VERSES Technologies Inc. ("VERSES").

VERSES is a next generation technology company that is developing the COSM™ Operating System ("**COSM**") which accelerates next generation application development and deployment by helping manage network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web™ (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, datasets, and Artificial Intelligence ("**AI**") models for third party services and developers with early access in late 2022 and with scalable growth in early 2023.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, ethically-aligned network of humans, machines and AI. COSM is the network operating system for the Spatial Web and streamlines development and deployment of applications on the Spatial Web.

COSM is the spatial computing operating system which will be an inter-operating platform for developing and deploying autonomous applications on the Spatial Web. COSM is designed to be hardware and software agnostic. It will enable context-aware information and activities to be collaboratively shared between dynamic plug and play networks of devices and applications.

VERSES' initial COSM application, Wayfinder™ ("**Wayfinder**"), is focused on optimizing and automating warehouse operations by improving the use of space and the flow of assets via AI-assisted routing and predictive intelligence.

VERSES invests heavily in research and development with activities centered around developing a Spatial Web Operating System for improving the enrichment and flow of context between systems. This includes ongoing exploration of the following:

- Spatial Domain Name System for routing queries to the appropriate endpoints and serving spatial content
- Spatial Domain Registries and Spatial Web Search capabilities and services
- Mapping information and sensor data streams as graph relationships and interdependencies
- Transcribing regulatory policies and into machine executable code
- Defining requirements and restrictions as parameters for generating adaptive goal-oriented pathways and emergent solutions
- Developing machine learning models, and algorithms to simulate and optimize routing, inventory volume and placement as well as curation, delegation, scheduling, and sequencing of recommended actions

The majority of research and development is performed in-house supplemented by subcontractors who are domain experts in their respective fields (i.e. self sovereign identity, blockchain, active inference). Additional effort is spent learning how to apply and configure these general offerings to specific problems in different industries.

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (e.g. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

Intangible properties

VERSES recognizes the importance of its intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries. The following are patents, copyrights, trademarks and other intangible property relevant to the Company's business:

Regulatory Environment

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

Because our software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally-identifiable data, we make best efforts to comply with data privacy and security laws applicable to each location and/or sector that we participate in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and other rulesets. We are not only sensitive to the importance of these regulations, and routinely employ "privacy by design" when crafting our various applications and service offerings. In fact, we specifically designed COSM to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally-identifiable data of third parties. As a result, we have established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

Highlights

VERSES entered into agreements with Volvo, Honeywell and AstraZeneca in 2021 to provide and test tailored logistics solutions for manufacturing, warehousing and fulfillment operations based on the COSM operating system. VERSES has a teaming agreement with Deloitte, one of the world's largest system integrators, to bring solutions to Deloitte clients and for Deloitte to lead implementations of Wayfinder and COSM to such clients. VERSES developed an active pipeline of potential clients and customers including, without limitation, Fortune 500 companies such as Mars, Johnson & Johnson, Daimler and P&G.

On August 25, 2021, VERSES entered into a service agreement with NRI Distribution to roll out Wayfinder and COSM into NRI Distribution's warehousing operations. The service agreement with NRI Distribution has a term of 11 years.

On October 21 and November 2, 2021, the Company completed two tranches of a private placement offering (the "Special Warrant Financing") of 20,000,020 special warrants (the "Special Warrants") at an issue price of CAD$0.80 per Special Warrant for aggregate gross proceeds of CAD$16,000,000. Each Special Warrant will be deemed to be exercised into one Unit (a "Special Warrant Unit") on the date that is earlier of: (i) the date on which the Company obtains a receipt from the applicable securities commissions in Canada for its final prospectus qualifying the distribution of the Special Warrant Units; and (ii) the date that is four months and a day after date of issuance of the Special Warrants. Each Special Warrant Unit will be comprised of one Subordinate Voting Share (a "Unit Share") and one-half of one Subordinate Voting Share purchase warrant (a "Unit Warrant"), each Unit Warrant entitling the holder thereof to acquire one Subordinate Voting Share (a "Unit Warrant Share") at an exercise price of CAD$1.20 per Unit Warrant Share for a period of 24 months following the date of issuance.

Subsequent to March 31, 2021, the Company repaid all loans due to related parties totalling $2,417,688

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the period ended June 30, 2021 ("Q1 2022") and comparable period ended June 30, 2020 ("Q1 2021"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Q1, 2022	Q1, 2021
Total revenue	$ 359,417	Nil
Net comprehensive loss for the fiscal year	(203,003)	(364,713)
Loss per share, basic and fully diluted	(0.02)	(0.04)
Total assets	921,048	909,247
Total liabilities	$ (6,980,494)	$ (7,045,690)

The following table provides an overview of the financial results in Fiscal 2021 as compared to Fiscal 2020:

	Q1 2021	Q1 2022	Change
Revenue	$ 359,417	$ -	$ 359,417
Cost of services	(305,268)	(93,897)	(211,371)
	54,149	(93,897)	148,046
Operating expenditures:			
Management fees	550,672	128,750	421,922
Legal Fees	114,591	2,500	112,091
Rent expenses	15,210	64,140	(48,930)
Other general and administrative expenses	65,670	8,533	57,137
	746,143	203,923	542,220
Profit before other income (loss)	(691,994)	(297,820)	(394,174)
Other income	377,737		377,737
Grant income	161,767		161,767
Financing fees and Interest expenses	(50,513)	(66,893)	16,380
Net Loss and Comprehensive Loss for the Year	$ (203,003)	$ (364,713)	$ 161,710

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $223,003 in the period ended June 30, 2021, which is 39% lower than the loss of $364,713 in the period ended June 2020. The decrease in losses was mainly due to other income from accounts payable write off of $377,737, partially offset by higher management and legal fees.

Revenues

During the period ended on June 30, 2021, the Company experienced an increase in revenue of $359,417. Relevant part of the revenue increase is from a software as a service ("SaaS") agreement.

For the period ended	Q1 2022	Q1 2021	Change
Development of software	$359,417	$ -	$ 359,417
Total Revenue	$359,417	$ -	$ 359,417

Cost of Services

The Company incurred $305,268 in cost of services the period ended on June 30, 2021, this represents an increase of $211,371 when compared to the previous period mainly because the Company hired technical personnel to develop and implement the SaaS solution to the customers.

For the period ended	Q1 2022	Q1 2021	Change
AWS Amazon hosting to customers' developments	$ 10,092	$ 3,847	$ 6,245
Development costs	295,176	90,050	205,126
Total Cost of Services	$ 305,268	$ 93,897	$ 211,371

Operating expenses

Operating expenses were $746,143 in the period ended on June 30, 2021, compared to $203,923 for the period ended on June 30, 2020; an increase of $542,220. The changes in operating expenses were primarily impacted by the following items:

For the period ended	Q1 2022	Q1 2021	Change
Management fees	550,672	128,750	421,922
Legal Fees	114,591	2,500	112,091
Rent expenses	15,210	64,140	(48,930)
Other general and administrative expenses	65,670	8,533	57,137
Total	746,143	203,923	542,220

- Management fees increased by $421,922 mainly because of the hiring of new key personnel for the Company. The positions added to the management team are the Chief Commercial Officer, Chief Operations Officer, Chief Adoption Officer, and the General Counsel. Also, the personnel related to the government grant received from INEA (Innovation and Networks Executive Agency), which is delegated under the European Commission, is responsible for a $137,256 of this increase.

- Legal Fees increased $112,091 when compared to the previous year because new legal offices were engaged to support the transactions of the Company.

- Rent expenses decreased by $48,930 because the Company reduced its use of the Phase Two office located in Culver City, California.

- Other general and administrative expenses increased by $57,137 mainly because professional services contracted to support executive search which represented an increase of $20,000, accounting fees increased by $18,470 because a new specialized accounting firm was engaged to support the transactions of the Company and higher travel expenses of $6,145 because less travel restrictions in force.

Other income and expenses

Other income and expenses were a profit of $488,991 in the period ended on June 30, 2021, which is $555,884 higher when compared to a loss of $66,893 for the period ended on June 30, 2020. The changes in other income and expenses were impacted by the following items:

For the period ended	Q1 2022	Q1 2021	Change
Other income	$377,737	-	$377,737
Grant income	161,767	-	161,767
Financing fees and Interest expenses	(50,513)	(66,893)	16,380
Total	$ 488,991	$ (66,893)	$ 555,884

- Other income resulted in a profit of $377,737 is from accounts payable write-off because of the renegotiation of the outstanding independent contract agreements ("ICAs").
- Grant income is related to a government grant received from INEA (Innovation and Networks Executive Agency), which is delegated under the European Commission. The grant is awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020.
- Interest expenses and financing fees were lower because the Company was able to partially repay its loans during the period ended on June 30, 2021.

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2022	Q1 2021	Change
Cash used in operating activities	$ (735,189)	$ (21,974)	$ (713,215)
Cash provided by financing activities	428,525	360,625	67,900
Net (decrease) increase in cash and cash equivalents	$ (306,664)	$ 338,651	$ (645,315)

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities decreased to $(735,189) in the three months ended on June 30, 2021 from $(21,974) in the three months ended on June 30, 2020. This decrease is primarily due to an increase of $299,417 in contract assets and changes in non working capital items $(283,283)

The increase in financing activities is mainly explained by the issuance of a $250,000 promissory note with Verses Technologies Inc. and $280,000 of cash advance related to the obligation to issue shares.

As of June 30, 2021, the Company had a negative working capital of $5,547,479 compared to the negative working capital of $2,299,089 as of June 30, 2020.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

COMMITMENTS

In the case of a liquidity event of a subsidiary of the Company, which includes an initial public offering; acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated, a royalty payment is to be paid by Verses Technologies USA Inc. to Cyberlab, in the amount of 10% of its interest in said liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") after a plan is established, to qualifying consultants and employees in the future at terms to be determined at grant date based on the market price of the Company's shares at the time of grant. Subsequent to June 30, 2021, the Company assigned this obligation to VERSES Technologies Inc.

Equity Compensation Type	Company	Equity Incentive Units
Options, RSU or DSU	Verses Technologies USA, Inc.	17,478,211
Options, RSU or DSU	Verses Global BV	802,176
Options, RSU or DSU	Verses Logistics Inc.	1,062,820
Options, RSU or DSU	Verses, Inc.	2,262,829

OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	The date of this MD&A	Q1 2022
Shares issued on incorporation	-	10,000,000
Common shares cancelled in re-organization	-	(10,000,000)
Shares issued to Class A shareholders	4,944,832	4,944,832

Shares issued to Class B shareholders	10,000,000	10,000,000

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

For the period ended	Q1 2022	Q1 2021
Management fees	$211,914	$128,750
	$211,914	$128,750

The following management members incurred in the management fees:

	Q1 2022	Q1 2021
Management fees, Chief Executive Officer and Founder	54,414	30,000
Management fees, President and Founder	51,000	30,000
Management fees, Chief Financial Officer	27,000	20,000
Management fees, Director of Product Integration	47,500	-
Management fees, Company owned by Advisor	32,000	-
Total	$211,914	$80,0000

Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities on June 30, 2021, were amounts totaling $217,254 due to key management personnel (June 30, 2020 – $348,481).

On June 30, 2021, the Company has a loan totalling $196,017 (2020 – nil) with the Chief Finance Officer. The loan bears an annual interest rate of 10% compounded daily and requires minimum monthly payments of $20,833. The loan is required to be paid on or before February 28, 2022.

On June 30, 2021, the Company has a loan of $92,995 (2020 – $145,841) with a senior executive. The loan bears an annual interest rate of 10% compounded daily.

On June 30, 2021, the Company has a loan of $79,220 (2020 - $81,727) with Green Soma, a Company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily.

On June 30, 2020, the Company has a loan of $1,575,465 (2020 - $1,577,676) with Cyberlab, LLC ("Cyberlab"), a Company owned by the President and Founder. The loan bears an annual interest rate of 10% compounded daily.

On June 30, 2021, the Company has a loan of $nil (2020 - $20,000) with FountainTec LLC, a Company owned by a senior executive.

FINANCIAL INSTRUMENTS

As of June 30, 2021, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The promissory notes, amounts receivable, accounts payable and accrued liabilities all have carrying amounts that approximate their fair values, due to either the short-term nature of these instruments or the attached market rate of interest.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in note 9.
As at June 30, 2021, the Company had cash of $564,621, accounts payable and accrued liabilities of $1,012,844 and loans payable of $2,087,432. All accounts payable and accrued liabilities are due within 30 days.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in Euros and is therefore exposed to exchange rate fluctuations. At June 30, 2021, the Company had no financial liabilities denominated in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. As of June 30, 2021, the Company does not hold any liabilities that are subject to interest.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

TRANSACTIONS

In June 2021, the Company entered into a Contribution Agreement with Verses Technologies Inc. ("VTI"), a non-arms length company. Pursuant to the Contribution Agreement, the Company's shareholders exchanged all their outstanding common shares for common shares of VTI (the "Transaction"). The Transaction was completed on July 20, 2021. The Transaction will be accounted for as a reverse takeover, whereby the Company is reflected as the accounting acquirer and VTI as the accounting acquiree. Management has evaluated that VTI did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs. Consequently, the Transaction was accounted for as an acquisition of VTI's net assets by the issuance of shares of the VTI to VTU's shareholders.

The fair value of the shares that will be held by shareholders of VTI was determined based on there being 14,434,604 common shares issued and outstanding as of the date of the Transaction. The fair value of the common shares was determined using a price of $0.31 (CAD $0.40) per share being the price of the May 28, 2021 warrant financing.

On January 25, 2022, Verses Labs Inc. changed its name to Verses Technologies USA, Inc.

SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under two revenue categories, being software development and government grants. The Company provides consulting, programming and customized software solutions to private and public entities.

Revenue from software development is evaluated to determine whether performance obligations are satisfied at a point in time or over time based on whether the software does not have an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date:

• For software development license where performance obligations are satisfied at a point in time, revenue is recognized when control of the software has transferred to the customer; and

• For software license development where performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance.

The Company performs the following steps regarding contracts with customers:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contracts; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenues when the entity satisfies the performance obligations of each service contract. When a fixed price short-term contract has been entered into and performance obligations have been identified, the related revenues are recognized at each stage the Company satisfies a performance obligation when control and risks and rewards of the revenue contract have been passed to the customer. The performance obligations could be satisfied at a point in time or over a period of time, depending on the nature of the performance obligation. A contract asset is recognized as costs are incurred and reclassified to accounts receivable when invoiced. A contract liability is recognized if payments are received before work is completed.

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. The new standard replaces International Accounting Standard 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

For any new contracts entered on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration". To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. During the period ended June 30, 2021, the Company expensed short-term leases, month-to-month memberships and leases of low value for

$15,210 (2020 - $64,140). On the consolidated statement of financial position, right-of-use assets would be included under non-current assets, and lease liabilities included under current and non-current liabilities.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the unaudited condensed interim financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventive or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated on September 19, 2018 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. There may be factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. Forward-looking statements are not a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.

SCHEDULE "I" – AUDITED FORMER HOLDCO FINANCIAL STATEMENTS

Audited Financial Statements of Former Holdco for the period from November 9, 2020 (date of incorporation) to March 31, 2021

(See attached)

VERSES HOLDINGS INC.
(Formerly VERSES Technologies Incorporated)

FINANCIAL STATEMENTS

For the period from incorporation on November 9, 2020 to March 31, 2021

(Expressed in US dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Verses Holdings Inc. (Formerly Verses Technologies Incorporated)

Opinion

We have audited the financial statements of Verses Holdings Inc. (Formerly Verses Technologies Incorporated) (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on November 9, 2020 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the period from incorporation on November 9, 2020 to March 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had not yet achieved profitable operations and has an accumulated deficit of $519,394. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

May 11, 2022

VERSES HOLDINGS INC. (FORMERLY VERSES TECHNOLOGIES INCORPORATED)
Statement of Financial Position
(Expressed in US Dollars)

As at	Notes		March 31, 2021
ASSETS			
CURRENT			
Cash	6	$	1,788,498
GST Receivable			5,637
Prepaid deposits			7,952
Total Assets		$	1,802,087
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	$	11,688
Total Liabilities			11,688
SHAREHOLDERS' EQUITY			
Share capital	4		2,008,378
Contributed Surplus	4		304,377
Accumulated other comprehensive loss			(2,962)
Deficit			(519,394)
Total Shareholders' Equity			1,790,399
Total Liabilities and Shareholders' Equity		$	1,802,087

Nature of Business and Ongoing Concern (note 1)

Subsequent events (note 1 and 9)

Approved and authorized for issue on behalf of the Board on May 11, 2022.

"Gabriel Rene"	***"Dan Mapes"***
Director	**Director**

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

VERSES HOLDINGS INC. (FORMERLY VERSES TECHNOLOGIES INCORPORATED)
Statement of Comprehensive Loss
(Expressed in US Dollars)

	Notes		From Incorporation on November 9, 2020 to March 31, 2021
EXPENSES			
Consulting fees		$	203,944
Share-based payments	3, 4		304,377
Legal fees			11,067
Bank charges			6
Net loss for the period			519,394
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency			(2,962)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$	(522,356)
Loss per share, basic and diluted		$	(0.11)
Weighted average number of common shares outstanding – basic and diluted			4,695,778

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

VERSES HOLDINGS INC. (FORMERLY VERSES TECHNOLOGIES INCORPORATED)
Statement of Changes in Equity
(Expressed in US Dollars*)*

	Number of Common Shares without Par Value	Share Capital	Contributed Surplus	Accumulated other Comprehensive Loss	Deficit	Total Shareholders' Equity
Shares issued on incorporation	**3**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ 1**
Shares issued pursuant to private placements	6,425,000	1,905,000	-	-	-	1,905,000
Shares issued for consulting services	325,000	103,377	-	-	-	103,377
Issuance of warrants	-	-	304,377	-	-	304,377
Currency translation adjustment	-	-	-	(2,962)	-	(2,962)
Net loss for the period	-	-	-	-	(519,394)	(519,394)
Balance, March 31, 2021	**6,750,003**	**$ 2,008,378**	**$ 304,377**	**$ (2,962)**	**$ (519,394)**	**$ 1,790,399**

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

VERSES HOLDINGS INC. (FORMERLY VERSES TECHNOLOGIES INCORPORATED)
Statement of Cash Flows
(Expressed in US Dollars)

		From Incorporation on November 9, 2020 to March 31, 2021
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$	(519,394)
Items not involving cash:		
Share-based payment		304,377
Shares issued for consulting services		103,377
Net changes in non-cash working capital items:		
Prepaid deposits		(7,952)
GST Receivable		(5,637)
Accounts payable and accrued liabilities		11,528
Net cash used in operating activities		(113,701)
FINANCING ACTIVITY		
Shares issued for cash		1,905,001
Cash provided by financing activity		1,905,001
Effect of foreign exchange on cash	$	(2,802)
Net change in cash		1,795,650
Cash, beginning of the period		-
Cash, end of the period	$	1,788,498

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

1. NATURE OF BUSINESS AND GOING CONCERN

Verses Technologies Incorporated was incorporated under the *Business Corporations Act* (British Columbia) on November 9, 2020.

1288098 B.C. Ltd. ("1288098") was incorporated under the *Business Corporations Act* (British Columbia) on February 8, 2021, as a fully owned subsidiary of Chromos Capital Corp. ("Chromos").

Subsequent to the March 31, 2021 period end:

- On May 28, 2021, 1288098 and Verses Technologies Incorporated completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses Technologies Incorporated.
- On June 17, 2021, Verses Technologies Incorporated changed its name to Verses Holdings Inc. ("VHI" or "Company").

VHI's head office, and registered and records office is located at 10th floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at March 31, 2021, VHI had not yet achieved profitable operations and has an accumulated deficit of $519,394 since its inception. The continuing operations of VHI are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds from there. This indicates the existence of a material uncertainty that may cast significant doubt about VHI's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If VHI is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The outbreak of the coronavirus, also known as COVID 19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact VHI's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain, and as such, VHI cannot determine their financial impact at this time. COVID 19 has had a negative impact on the operation, which has resulted in a decrease in sales compared to the prior period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and interpretations of the IFRS Interpretations Committee.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 11, 2022.

b) Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in United States dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

c) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

Critical accounting judgments

- The assessment of the VHI’s ability to continue as a going concern;
- The determination of categories of financial assets and financial liabilities;
- The recoverability and measurement of deferred tax assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments, such as guaranteed investment certificates with original maturities of three months or less. VHI did not have cash equivalents as at March 31, 2021.

e) Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

f) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in VHI. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are canceled or expire are reclassified from contributed surplus to deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

h) Financial instruments

(i) Classification

VHI classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. VHI determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by VHI's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition VHI can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if VHI has opted to measure them at FVTPL.

The following table shows the classification of VHI's financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9 *Financial Instruments*
Cash	FVTPL
Advance to Verses Labs. Inc.	Amortized cost
Account payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

(ii) Measurement (continued)

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

VHI recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, VHI measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, VHI measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. VHI shall recognize in the statement of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

VHI derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the statement of loss.

i) Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The presentation currency of the Company is the US dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Foreign currency transactions (continued)

Transactions and balances
Foreign currency transactions are recorded at the rate of exchange existing on the transaction date. Foreign currency monetary assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items measured at historical cost continued to be carried at the exchange rates at the dates of the transactions. Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of is treated in line with the recognition of the gain or loss on the change in fair value of such an item.

<u>Translation to presentation currency</u>
The assets and liabilities of the Company are translated into US dollars at year-end exchange rates. Income and expenses, and cash flows are translated in US dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity.

3. RELATED PARTY TRANSACTIONS

VHI's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

During the period ended March 31, 2021, the Company paid Caerus Capital Corp. ("Caerus"), a company owned by VHI directors, $203,944 (CAD$260,000) for consulting fees. The Company also issued Caerus 1,250,000 warrants pursuant to a consulting contract and issues 325,000 common shares. The warrants are exercisable at a price of CAD$0.40 per share expiring on April 15, 2026. The fair value of share-purchase warrants was $304,377 (CAD$388,038).

During the period ended March 31, 2021, two corporations subscribed to 1,675,000 shares and 1,350,000 shares of which finders fees of $140,000, including 175,000 finders' shares were paid to them during the period ended March 31, 2021.

(Expressed in US Dollars)

4. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued and outstanding.

During the period ended March 31, 2021:

In November 2020, VHI issued 3 common shares on incorporation at $0.001.

In January 2021, VHI issued 6,250,000 common shares at $0.3181(CAD$0.40) for proceeds of $1,905,000 (CAD$2,500,000). The Company issued 175,000 shares as finders' shares valued $0.3181(CAD$0.40) to significant shareholders with respect to the private placement.

In March 2021, the Company issues 325,000 shares to Caerus for consulting fees.

c) Share purchase warrants

The following share purchase warrants are outstanding as at March 31, 2021:

Expiry Date	Exercise Price	Number of Shares	Remaining Contractual Life (Years)
April 15, 2026	$0.40	1,250,000	4.98

The Company issued 1,250,000 share purchase warrants exercisable at a price of CAD$0.40 per share expiring on April 15, 2026. The fair value of share-purchase warrants was $304,377 (CAD$388,038), estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.90%
Estimate life	4.98 years
Expected volatility	106%
Expected dividend yield	0%

5. MANAGEMENT OF CAPITAL

VHI's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. VHI's primary source of funds comes from the issuance of common shares. VHI does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements. VHI's objective when managing capital is to safeguard VHI's ability to continue as a going concern.

VHI defines its capital as shareholders' equity. Capital requirements are driven by VHI's general operations. To effectively manage VHI's capital requirements, VHI monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes in VHI's approach to capital management during the period.

6. FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2021, VHI's financial instruments consist of cash and accounts payable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- *Level 1* – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- *Level 2* – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The carrying value of the Company's financial instruments approximate their fair values due to their short- term maturities. Cash is measured at fair value on a recurring basis based on level 1 inputs.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects VHI to concentrations of credit risk consists principally of cash. To minimize the credit risk, VHI places its cash with high quality financial institutions.

(Expressed in US Dollars)

6. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that VHI will not be able to meet its financial obligations as they fall due. VHI is not exposed to significant liquidity risk.

As at March 31, 2021, VHI had cash of $1,788,498 available to apply against short-term business requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. As at March 31, 2021, VHI has no transaction in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. VHI is not exposed to significant interest rate risk.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

For the period ended	March 31, 2021
Accounts payable	$ 10,483
Accrued liabilities	1,205
	$ 11,688

(Expressed in US Dollars)

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2021
Net loss	$	(519,394)
Combined statutory tax rate		27%
Expected income tax recovery at statutory rates		(140,236)
Benefits not recognized		140,236
Income tax expense	$	-

As at March 31, 2021, the Company has non-capital losses carried forward of approximately CAD$662,000, which are available to offset future years' taxable income and expire in 2041.

9. SUBSEQUENT EVENTS

On May 28, 2021, 1288098 and Verses Technologies Incorporated completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses by issuing 6,750,003 common shares to the shareholders of Verses Technologies Incorporated.

The Amalgamation was accounted for as an asset acquisition whereby Chromos is reflected as the accounting acquirer and Verses Technologies Incorporated as the accounting acquiree. Management has evaluated that Verses Technologies Incorporated did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs; therefore, the Amalgamation was accounted for under IFRS 2, where the difference between the consideration given to acquire VHI and the net asset value of VHI is recorded as an acquisition expense to net loss.

SCHEDULE "J" – FORMER HOLDCO MD&A

Management's Discussion and Analysis for Former Holdco for the period from November 9, 2020 (date of incorporation) to March 31, 2021

(See attached)

This Management Discussion and Analysis ("MD&A") of VERSES Holdings Inc. (formerly Verses Technologies Incorporated) ("Company" or "VERSES") is for the period ended March 31, 2021, and is prepared by management using information available as of May 11, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements of the company for the year ended March 31, 2021, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 *Continuous Disclosure Obligations*. All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

BUSINESS OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on November 9, 2020 with the objective of raising funds and be part of a three-cornered amalgamation with the Verses Technologies Inc. (formerly Chromos Capital Corp.) and Verses Technologies USA Inc. (formerly Verses Labs Inc.).

VERSES is a next generation technology company that is developing the COSM™ Operating System ("COSM") which accelerates next generation application development and deployment by helping manage network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web™ (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, datasets, and Artificial Intelligence ("AI") models for third party services and developers with early access in late 2022 and with scalable growth in early 2023.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, ethically-aligned network of humans, machines and AI. COSM is the network operating system for the Spatial Web and streamlines development and deployment of applications on the Spatial Web.

COSM is the spatial computing operating system which will be an inter-operating platform for developing and deploying autonomous applications on the Spatial Web. COSM is designed to be hardware and software agnostic. It will enable context-aware information and activities to be collaboratively shared between dynamic plug and play networks of devices and applications.

VERSES' initial COSM application, Wayfinder™ ("Wayfinder"), is focused on optimizing and automating warehouse operations by improving the use of space and the flow of assets via AI-assisted routing and predictive intelligence.

VERSES invests heavily in research and development with activities centered around developing a Spatial Web Operating System for improving the enrichment and flow of context between systems. This includes ongoing exploration of the following:

- Spatial Domain Name System for routing queries to the appropriate endpoints and serving spatial content
- Spatial Domain Registries and Spatial Web Search capabilities and services
- Mapping information and sensor data streams as graph relationships and interdependencies
- Transcribing regulatory policies and into machine executable code
- Defining requirements and restrictions as parameters for generating adaptive goal-oriented pathways and emergent solutions

- Developing machine learning models, and algorithms to simulate and optimize routing, inventory volume and placement as well as curation, delegation, scheduling, and sequencing of recommended actions

The majority of research and development is performed in-house supplemented by subcontractors who are domain experts in their respective fields (i.e. self sovereign identity, blockchain, active inference). Additional effort is spent learning how to apply and configure these general offerings to specific problems in different industries.

The management of VERSES' business requires a high degree of competence in a variety of general aspects including operations, software development, sales and marketing, legal compliance, human resources, finance, and accounting. Given the horizontal applicability of VERSES' offerings across many sectors, the Company leverages domain experts, advisors, and consultants for translating its core value proposition into the respective domain specific use cases and jargon in order to accelerate sales cycles (e.g. healthcare vs logistics). The VERSES team includes members with deep expertise in specialized areas such as data science, artificial intelligence, user experience design, cybersecurity, distributed identity, and systems integration and is an important competitive advantage.

Intangible properties

VERSES recognizes the importance of its intangible assets such as brand names, relationships with customers and partners, licenses, and trade secrets. In order to protect its products and processes, VERSES periodically reviews opportunities to register copyrights, trademarks, and patents in different countries.

REGULATORY ENVIRONMENT

VERSES operates in a variety of industries, some heavily regulated (e.g. health-care, finance). As a result, the Company factors in many different laws, agency regulations and rulesets when developing and implementing its products and services. Some examples would include the following:

Data Privacy

Because our software and services can involve, among other things, the collection, transmission and management of potentially sensitive, personally-identifiable data, we make best efforts to comply with data privacy and security laws applicable to each location and/or sector that we participate in. Examples of these laws include, but are not limited to: (i) the European General Data Protection Regulation (GDPR); (ii) the California Consumer Privacy Act (CCPA) and its equivalents in other U.S. states; (iii) the Health Insurance Portability and Accountability Act (HIPAA); (iv) the Children's Online Privacy Protection Act (COPPA); and other rulesets. We are not only sensitive to the importance of these regulations, and routinely employ "privacy by design" when crafting our various applications and service offerings. In fact, we specifically designed COSM to enable policymakers to express such laws digitally (as code, similar to "smart contracts") in order to ensure accountability and compliance, as today these (analog) laws are often difficult to enforce.

Intellectual Property

VERSES respects the intellectual property rights of others, and always seeks to ensure that its offerings are not used to violate those rights. In order to ensure our ongoing commitment to respecting the intellectual property of others, VERSES has conducted extensive patent prior art clearance searches and Trademark reviews. Additionally, we periodically audit and ensure compliance with the terms and conditions of all critical proprietary and open-source software licenses used in our offerings. Further, we seek to participate in community development efforts by making all reasonable efforts to return back any bug or security fixes into the upstream code repositories.

Privacy and Cybersecurity

VERSES' business can involve the collection, transmission, and management of potentially sensitive, personally-identifiable data of third parties. As a result, we have established a variety of physical, administrative and technical measures to help protect users' privacy and ensure cybersecurity. These include, without limitation: access control, multi-factor authentication, encryption, network firewalls, intrusion detection, performance monitoring, disaster recovery, security incident handling, password management tools, mobile device management and more.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information from the inception on November 9, 2020 to the year ended March 31, 2021 ("Fiscal 2021") of the Company. The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the audited financial statements, and it may not be indicative of the Company's future performance.

	Fiscal 2021
Total revenue	$ Nil
Net comprehensive loss for the fiscal year	$(522,356)
Loss per share, basic and fully diluted	$ (0.11)
Total assets	$1,802,087
Total liabilities	$ (11,688)

The following table provides an overview of the financial results in Fiscal 2021 of the Company:

	Fiscal 2021
Operating expenditures:	
Management fees	$ 203,944
Share-based payments	304,377
Legal Fees	11,067
Other general and administrative expenses	6
	519,394
Profit before other income (loss)	(519,394)
Foreign exchange difference from translation	(2,962)
Net Loss and Comprehensive Loss for the Year	$ (522,356)

DISCUSSIONS OF OPERATIONS

The Company recorded a net loss and comprehensive loss of $522,356 in Fiscal 2021. Losses were mainly related to management fees, shares issuance costs, and legal fees incurred in the period.

Operating expenses

Operating expenses of the Company were $351,170 in Fiscal 2021, as follows:

	Fiscal 2021
Management fees	$ 203,944
Share-based payments	304,377
Legal Fees	11,067
Other general and administrative expenses	6
Total	$ 519,394

- Management fees of $203,944 is related to fees paid under the financial advisor consulting agreement with Caerus Capital Partners Inc., a non arm's-length company owned by one director of the company of which $101,972 is related to the agreement fees and $101,972 is related to the termination agreement.
- Share-based payments is from to 1,250,000 share purchase warrants exercisable at a price of $0.40 per share expiring on April 15, 2026 the Company issued as part of the termination agreement.
- Legal Fees of $11,067 is related to general corporate and commercial matters.

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal 2021
Cash used in operating activities	$ (113,701)
Cash provided by financing activities	1,905,001
Effect of foreign exchange translation	(2,802)
Net (decrease) increase in cash and cash equivalents	$ 1,788,498

Cash used in operating activities is comprised of net loss and net change adjusted by items not involving cash and non-cash working capital items. Cash used in operating activities was $(113,701) in Fiscal 2021.

The cash provided by financing is from the issuance of shares with net proceeds of $1,905,001.

As of March 31, 2021, the Company had working capital of $1,790,399.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

USE OF PROCEEDS FROM FINANCING

The Company intends to transfer its available funds to its parent company, VERSES, to be utilized as working capital.

Management has, and will continue to have, the discretion to modify the allocation of the Company's available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under "Risk Factors".

OUTSTANDING SHARE CAPITAL

The Company has unlimited authorized common shares, and the issued and outstanding share capital is as follows:

As at	The date of this MD&A	Fiscal 2021
Shares issued on incorporation	3	3
Shares issued	6,750,000	6,750,000

SHARE PURCHASE WARRANTS

The following share purchase warrants are outstanding as at March 31, 2021:

Expiry Date	Exercise Price	Number of Shares	Remaining Contractual Life (Years)
April 15, 2026	$0.40	1,250,000	4.98

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees and expenses were incurred:

	Fiscal 2021
Management fees, Caerus Capital Partners Inc.	$203,944
Share purchase warrants, Caerus Capital Partners Inc.	304,377
Total	$508,321

During the period ended March 31, 2021, the Company paid Caerus Capital Corp., a company owned by a VHI director, $203,944 (CAD$260,000) for consulting fees, of which, $101,972 (CAD$130,000) was share-based compensation related to the termination of their advisory agreement.

Also, as part of the termination agreement, the Company issued 1,250,000 share purchase warrants exercisable at a price of $0.40 per share expiring on April 15, 2026. The fair value of share-purchase warrants was $304,377 (CAD$388,038), estimated using the Black-Scholes option pricing model

FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2021, VHI's financial instruments consist of cash and accounts payable.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

· Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

· Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

· Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The carrying value of the Company's financial instruments approximate their fair values due to their short- term maturities. Cash is measured at fair value on a recurring basis based on level 1 inputs.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects VHI to concentrations of credit risk consists principally of cash. To minimize the credit risk, VHI places its cash with high quality financial institutions.

Liquidity risk

Liquidity risk is the risk that VHI will not be able to meet its financial obligations as they fall due. VHI is not exposed to significant liquidity risk.

As at March 31, 2021, VHI had cash of $1,788,498 available to apply against short-term business requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. As at March 31, 2021, VHI has no transaction in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. VHI is not exposed to significant interest rate risk.

TRANSACTIONS

On May 28, 2021, 1288098 BC Ltd., a fully owned subsidiary of Chromos Capital Corp. incorporated under the Business Corporations Act (British Columbia), and Verses Technologies Incorporated (a company incorporated under the Business Corporations Act (British Columbia), completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 BC Ltd. and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos. Chromos acquired all the issued and outstanding shares of Verses Technologies Incorporated by issuing 6,750,003 common shares to the shareholders of Verses.

The Amalgamation was accounted for as an asset acquisition whereby Chromos is reflected as the accounting acquirer and VHI as the accounting acquiree. Management has evaluated that Verses did not meet the definition of a business as defined by IFRS 3 Business Combinations, as it did not have the inputs and processes necessary to produce outputs; therefore, the Amalgamation was accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense to net loss.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the unaudited condensed interim financial statements and this MD&A is the responsibility of management, and their preparation in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventive or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated on November 19, 2020 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. There may be factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. Forward-looking statements are not a guarantee of future performance, and accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.

SCHEDULE "K" – PRO FORMA FINANCIAL STATEMENTS

Pro Forma Consolidated Financial Statements of the Company as at March 31, 2021 and June 30, 2021

(See attached)

VERSES TECHNOLOGIES INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

(Expressed in U.S. dollars)

(Unaudited)

VERSES TECHNOLOGIES INC.
Pro Forma Consolidated Statement of Financial Position
As at March 31, 2021
(Unaudited - Expressed in U.S. Dollars)

	VERSES Technologies USA Inc. (VTU)	**Verses Holdings Inc. (VHI)**	**VERSES Technologies Inc. (VTI)**	**Pro forma consolidated balance**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
	$	$	$	$
ASSETS				
CURRENT ASSETS				
Cash	871,285	1,788,498	55,050	2,714,833
Trade and other receivables	17,962	5,637	6,242	29,841
Prepaid expenses	20,000	7,952	55,664	83,616
	909,247	1,802,087	116,956	2,828,290
TOTAL ASSETS	**909,247**	**1,802,087**	**116,956**	**2,828,290**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables and accrued liabilities	1,167,700	11,688	34,688	1,214,076
Deferred grant	626,596	-	-	626,596
Due to Cyberlab LLC	1,590,515	-	-	1,590,515
SAFE	3,113,000	-	-	3,113,000
	6,497,811	11,688	34,688	6,544,187
Loans - long term	547,879			547,879
TOTAL LIABILITIES	**7,045,690**	**11,688**	**34,688**	**7,092,066**
SHAREHOLDERS' EQUITY				
Share capital	100	2,008,377	124,131	2,132,608
Translation difference	-	(2,962)	(869)	(3,831)
Warrants	-	304,377	-	304,377
Obligation to issue shares	-	-	31,808	31,808
Accumulated deficit	(6,136,543)	(519,394)	(72,802)	(6,728,739)
TOTAL SHAREHOLDERS’ EQUITY	(6,136,443)	1,790,399	82,268	(4,263,776)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**909,247**	**1,802,087**	**116,956**	**2,828,290**

VERSES TECHNOLOGIES INC.
Pro Forma Consolidated Statement of Income and Comprehensive Income
For the Pro-Forma Constructed for the year ended March 31, 2021
(Unaudited - Expressed in U.S. Dollars)

	VERSES Technologies USA Inc. (VTU) Year ended March 31, 2021	**Verses Holdings Inc. (VHI)** Year ended March 31, 2021	**VERSES Technologies Inc. (VTI)** Year ended March 31, 2021	**Pro forma consolidated balance** Year ended March 31, 2021
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
	$	$	$	$
Revenues	97,200	-	-	97,200
Cost of sales	663,466	-	-	663,466
Gross profit	(566,266)	-	-	(566,266)
Management fees	868,261	-	39,290	907,551
Consulting fees	178,751	203,944	-	382,695
Legal fees	124,549	11,068	32,513	168,130
Office and general	144,790	6	999	145,795
Rent	252,774	-	-	252,774
Share-based payments	297,000	304,377	-	601,377
Travel and meals	6,934	-	-	6,934
	1,873,059	519,394	72,802	2,465,255
Income (loss) before other items	(2,439,325)	(519,394)	(72,802)	(3,031,521)
Financing exp	(297,302)	-	-	(297,302)
Grant Income	208,473	-	-	208,473
Exchange gain on translation of foreign operations	-	(2,962)	(869)	(3,831)
Total Comprehensive Income (Loss)	(2,528,154)	(522,356)	(73,671)	(3,124,181)
Net loss per common share, basic and diluted	**(0.25)**	**(0.11)**	**(0.01)**	**(0.16)**
Weighted average number of common shares outstanding	10,000,000	4,695,778	5,346,775	20,042,553

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of loss and comprehensive loss (collectively, the "Unaudited Pro Forma Consolidated Financial Statements") have been prepared for disclosure in the non-offering prospectus of VERSES Technologies Inc. ("VTI" or "Company") dated April 14, 2022, and reflect the subsequent amalgamations and acquisitions, described in further detail below.

These Unaudited Pro Forma Consolidated Financial Statements have been compiled in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), using the significant accounting policies on a basis consistent with the Company's accounting policies as at March 31, 2021.

The Unaudited Pro Forma Consolidated Financial Statements has been derived from and should be read in in conjunction with the following:

i. The audited financial statements of Verses Technologies USA, Inc. (formerly Verses Labs Inc.) as at March 31, 2021 and for the year ended March 31, 2021;
ii. The audited financial statements the Verses Holdings Inc. (formerly Verses Technologies Incorporated) as at March 31, 2021 and for the period from incorporation on November 9, 2020 to March 31, 2021;
iii. The audited financial statements of Verses Technologies Inc. (formerly Chromos Capital Corp.) as at March 31, 2021 and for the period from incorporation on November 19, 2020 to March 31, 2021.

It is management's opinion that these Unaudited Pro Forma Consolidated Financial Statements include all adjustments necessary for the fair presentation of the Acquisitions. The Unaudited Pro Forma Consolidated Financial Statements as at March 31, 2021 have been prepared assuming the Acquisitions had closed on November 19, 2020. Actual amounts recorded upon consummation of the Acquisitions will differ from those recorded in the Unaudited Pro Forma Consolidated Financial Statements and the differences may be material.

The Unaudited Pro Forma Consolidated Financial Statements has been prepared in accordance with the VTI, VTU and VHI's accounting policies, as disclosed in aforementioned audited financial statements. There are no material differences in accounting policies among these companies.

2. SUMMARY OF TRANSACTIONS

On May 28, 2021, 1288098 B.C. Ltd. and Verses Technologies Incorporated completed a transaction whereby, pursuant to an amalgamation agreement, 1288098 BC Ltd. and Verses Technologies Incorporated amalgamated and retained the name Verses Technologies Incorporated. The transaction was accounted for as an acquisition of Verses Technologies Incorporated by Chromos Capital Corp.

On June 17, 2021, Verses Technologies Incorporated changed its name to Verses Holdings Inc., and Chromos Capital Corp. changed its name to Verses Technologies Inc.

In June 2021, Verses Technologies Inc. entered into a Contribution Agreement with Verses Technologies USA, Inc. (formerly Verses Labs Inc.) Pursuant to the Contribution Agreement, the Verses Technologies USA, Inc. shareholders exchanged all their outstanding common shares for common shares of Verses Technologies Inc. The Transaction was completed on July 20, 2021.

VERSES TECHNOLOGIES INC.
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(Expressed in U.S. dollars)

(Unaudited)

VERSES TECHNOLOGIES INC.
Pro Forma Consolidated Statement of Financial Position
As at June 30, 2021
(Unaudited - Expressed in U.S. Dollars)

	VERSES Technologies USA Inc. (VTU) *(unaudited)* $	**VERSES Technologies Inc. (VTI)** *(unaudited)* $	**Pro forma consolidated balance** *(unaudited)* $
ASSETS			
CURRENT ASSETS			
Cash	564,621	1,582,447	2,147,068
Trade and other receivables	53,325	13,508	66,833
Prepaid expenses	3,685	40,340	44,025
Contract Asset	299,417	-	299,417
	921,048	1,636,295	2,557,343
TOTAL ASSETS	**921,048**	**1,636,295**	**2,557,343**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	1,012,844	25,677	1,038,521
Deferred grant	473,218	-	473,218
Due to/from VTI	250,000	(250,000)	-
Due to Cyberlab LLC	1,575,465	-	1,575,465
Deferred revenue	44,000	-	44,000
SAFE	3,113,000	-	3,113,000
	6,468,527	(224,323)	6,244,204
Loans - long term	511,967	-	511,967
TOTAL LIABILITIES	**6,980,494**	**(224,323)**	**6,756,171**
SHAREHOLDERS' EQUITY			
Share capital	100	2,360,665	2,360,765
Translation difference	-	17,676	17,676
Obligation to issue shares	280,000	-	280,000
Warrants	-	981,437	981,437
Accumulated deficit	(6,339,544)	(1,499,160)	(7,838,704)
TOTAL SHAREHOLDERS' EQUITY	(6,059,445)	1,860,618	(4,198,827)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**921,048**	**1,636,295**	**2,557,343**

VERSES TECHNOLOGIES INC.
Pro Forma Consolidated Statement of Income and Comprehensive Income
For the Pro-Forma Constructed for the three months ended June 30, 2021
(Unaudited - Expressed in U.S. Dollars)

	VERSES Technologies USA Inc. (VTU) Period ended June 30, 2021	**VERSES Technologies Inc. (VTI)** Period ended June 30, 2021	**Pro forma consolidated balance** Period ended June 30, 2021
	(unaudited)	*(unaudited)*	*(unaudited)*
	$	$	$
Revenues	359,417	-	359,417
Cost of sales	305,268	-	305,268
Gross profit	54,149	-	54,149
Management fees	550,672	24,438	575,110
Legal fees	114,591	8,802	123,393
Office and general	59,180	12,885	72,065
Rent	15,210	-	15,210
Travel and meals	6,489	-	6,489
	746,142	46,125	792,267
Income (loss) before other items	(691,993)	(46,125)	(738,118)
Financing expenses	50,513	-	50,513
Loss on purchase of VHI		698,357	698,357
Other Income	(377,737)	-	(377,737)
Grant Income	(161,767)	-	(161,767)
Exchange gain on translation of foreign operations	-	(17,676)	(17,676)
Total Comprehensive Income (Loss)	(203,002)	(762,158)	(965,160)
Net loss per common share, basic and diluted	**(0.02)**	**(0.05)**	**(0.04)**
Weighted average number of common shares outstanding	10,000,000	14,434,603	24,434,603

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of loss and comprehensive loss (collectively, the "Unaudited Pro Forma Consolidated Financial Statements") have been prepared for disclosure in the non-offering prospectus of VERSES Technologies Inc. ("VTI" or "Company") dated April 14, 2022, and reflect the subsequent amalgamations and acquisitions, described in further detail below.

These Unaudited Pro Forma Consolidated Financial Statements have been compiled in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), using the significant accounting policies on a basis consistent with the Company's accounting policies as at June 30, 2021.

The Unaudited Pro Forma Consolidated Financial Statements has been derived from and should be read in conjunction with the unaudited financial statements of Verses Technologies USA, Inc. (formerly Verses Labs Inc.) as at June 30, 2021. The unaudited statement figures of Verses Technologies Inc. (formerly Chromos Capital Corp.) as at June 30, 2021 are interim in-house and not externally reviewed.

It is management's opinion that these Unaudited Pro Forma Consolidated Financial Statements include all adjustments necessary for the fair presentation of the Acquisitions. The Unaudited Pro Forma Consolidated Financial Statements as at June 30, 2021 have been prepared assuming the Acquisitions had closed on November 19, 2020. Actual amounts recorded upon consummation of the Acquisitions will differ from those recorded in the Unaudited Pro Forma Consolidated Financial Statements and the differences may be material.

The Unaudited Pro Forma Consolidated Financial Statements has been prepared in accordance with the VTI, VTU and VHI's accounting policies, as disclosed in aforementioned unaudited financial statements. There are no material differences in accounting policies among these companies.

2. SUMMARY OF TRANSACTIONS

In June 2021, Verses Technologies Inc. entered into a Contribution Agreement with Verses Technologies USA, Inc. (formerly Verses Labs Inc.) Pursuant to the Contribution Agreement, the Verses Technologies USA, Inc. shareholders exchanged all their outstanding common shares for common shares of Verses Technologies Inc. The Transaction was completed on July 20, 2021.

SCHEDULE "L" – AUDIT COMMITTEE CHARTER

(See attached)

VERSES TECHNOLOGIES INC.
(THE "COMPANY")
AUDIT COMMITTEE CHARTER

GENERAL

The primary function of the Audit Committee, under the supervision of the Board of Directors of the Company (the "**Board**"), is to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting processes and provision of financial information to the shareholders and others, the systems of internal controls and disclosure controls, the Company's internal and external audit process, the Company's policies with regard to ethics and business practices, and monitoring compliance with the Company's legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain open communications between the Company's external auditor, senior management and the Board.

The Audit Committee does not plan or perform audits or warrant or attest to the accuracy or completeness of the Company's financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibilities of management and the external auditor.

COMPOSITION

The Audit Committee shall be comprised of at least three directors of the Company, who generally shall be appointed or confirmed by the Board annually. The Chair of the Audit Committee shall be appointed by the Board, failing which the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership. All members of the Audit Committee shall be directors and shall meet the independence, financial literacy and experience requirements under applicable laws, rules and regulations binding on the Company from time to time, including without limitation the applicable rules of any stock exchanges upon which the Company's shares are listed and the requirements for independence and financial literacy under National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") in Canada. Subject to certain exemptions outlined in NI 52-110, every member of the Audit Committee must be "independent" and "financially literate", as such terms are defined in NI 52-110.

PROCEDURAL MATTERS

The Audit Committee:

(a) Shall meet at least four times per year on a quarterly basis, either by telephone conference or in person. Any member of the Audit Committee may call such a meeting. A majority of the members appointed to the Audit Committee shall constitute a quorum. For clarity, quorum may be reached in person, or by telephone, video conference, or other communication facilities acceptable to the Board. Matters decided by the Audit Committee shall be decided by majority votes, and the Chair of the Audit Committee shall only have an ordinary vote with no additional tie-breaking powers.

(b) May invite the Company's external auditor, the Chief Financial Officer ("**CFO**"), and such other persons as deemed appropriate by the Audit Committee to attend meetings of the Audit Committee. As part of its mandate to foster open communication, the Audit Committee shall meet at least annually with the CFO and the external auditor in separate sessions, and to that end the Audit Committee generally shall have as a standing agenda item an in-camera meeting with the external auditors for any meeting at which they attend.

(c) Shall report material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate, at the next Board meeting.

(d) Shall review the performance of the Audit Committee on an annual basis and report the results of such review to the Nominating & Corporate Governance Committee.

(e) Shall review and assess this Charter for the Audit Committee at least annually and submit any proposed revisions to the Board for approval.

(f) Shall review from time to time as required and recommend to the Board for approval as necessary the indemnification policies, and director and officer insurance policy, if any, of the Company;

(g) Has the power to conduct or authorize investigations into any matter within the scope of its responsibilities. The Audit Committee has the right to engage independent counsel and other advisors as it determines necessary to carry out its duties, and the right to set and pay, without restriction, the compensation for any such counsel or advisors engaged by the Audit Committee.

(h) Has the right to communicate directly with the CFO and other members of management who have responsibility for the audit process ("**Internal Audit Management**"), as well as directly with the external auditor.

(i) Has the right to require payment of (i) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing audit, review or attest services for the Company and (ii) all ordinary expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board.

Financial Reporting, Accounting and Financial Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting. The Audit Committee shall:

(a) Review and recommend to the Board for approval the Company's annual and interim financial statements, annual and interim Management's Discussion and Analysis, Annual

Information Form, future-oriented financial information or pro-forma information, and other financial disclosure in continuous disclosure documents, including within any annual or interim profit or loss press releases, and any certification, report, opinion or review rendered by the external auditor, before the Company publicly discloses such information (see also "*Interim Financial Statements*" below).

(b) Ensure that it is satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than public disclosure referred to in subsection (a) immediately above) and periodically assess the adequacy of those procedures as necessary.

(c) Review material financial risks with management, the plan that management has implemented to monitor and deal with such risks, and the success of management in following such plan.

(d) Consult annually, and otherwise as required, with the Company's Chief Executive Officer ("**CEO**") and CFO respecting the adequacy of the internal controls and review any breaches or deficiencies.

(e) Review as necessary the process with regard to certifications, and ensure certifications by the CEO and CFO attesting to disclosure controls and procedures and internal control over financial reporting are obtained and filed as required under National Instrument 52-109 – *Certification of Disclosure In Issuers' Annual and Interim Filings* in connection with the Company's annual and interim financial reporting filings.

(f) Review management's response to significant written reports and recommendations issued by the external auditor and the extent to which such recommendations have been implemented by management. Review such responses with the external auditor as necessary.

(g) Review with management the Company's compliance with applicable laws and regulations respecting financial matters.

(h) Review with management proposed regulatory changes and their impact on the Company.

(i) Review with management and approve public disclosure of the Audit Committee Charter.

External Auditor

The Audit Committee has primary responsibility for the selection, appointment, dismissal, compensation and oversight of the external auditor, subject to the overall approval of the Board. For this purpose, the Audit Committee may consult with management, but the external auditor shall report directly to the Audit Committee. The specific responsibilities of the Audit Committee with regard to the external auditor are to:

(a) Recommend to the Board annually:

(i) the external auditor to be nominated (whether the current external auditor or a suitable alternative) for the purpose of preparing or issuing an auditor's report or performing other audit, review, or attest services for the Company; and

(ii) the compensation of the external auditor.

(b) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.

(c) Resolve disagreements, if any, between management and the external auditor regarding financial reporting. To resolve such disagreements, the Audit Committee shall query management and the external auditor and take other steps as necessary. The Audit Committee shall provide the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable.

(d) Take reasonable steps to confirm the independence of the external auditor, including but not limited to ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, actively engaging in a dialogue with the auditor with respect to any disclosed relationship or services and pre-approving any non-audit related services provided by the external auditor to the Company or the Company's subsidiaries, if any, with a view to ensuring independence of the auditor. If necessary, recommend to the Board to take appropriate corrective action to ensure the independence of the external auditor.

(e) Review and pre-approve all audit and audit-related services and the fees related thereto, provided by the Company's external auditor.

(f) Review and pre-approve all non-audit services to be performed by the Company's external auditor in accordance with any applicable regulatory requirements, including but not limited to NI 52-110, the United States Securities Exchange Act of 1934, as amended, and the requirements of any stock exchange upon which the Company's shares are listed. The Audit Committee may delegate pre-approval authority for non-audit services to one or more independent members of the Audit Committee provided that any such pre-approval decisions must be presented to the full Audit Committee at its next meeting thereafter. The Audit Committee may also satisfy this pre-approval requirement if it first adopts specific policies and procedures respecting same in accordance with NI 52-110 such that the pre-approval policies and procedures are detailed as to the particular service, the Audit Committee is informed of each such non-audit service, and the procedures do not include delegation of the Audit Committee’s responsibilities to management.

(g) Obtain from the external auditor confirmation that the external auditor is a 'participating audit' firm for the purpose of National Instrument 52-108 – *Auditor Oversight* and is registered with the Public Company Accounting Oversight Board in the United States, and is otherwise in compliance with all applicable governing regulations.

(h) Review and evaluate the performance of the external auditor.

(i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's present and former external auditors.

Audit and Financial Reporting Process

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company's financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and are prepared in accordance with the applicable generally accepted accounting principles. To accomplish this, the Audit Committee shall:

(a) Review at least annually the Company's internal system of audit and financial controls, internal audit procedures and results of such audits, and receive regular, generally quarterly, updates from management on such controls, procedures and audit activities.

(b) Prior to the annual audit by the external auditor, consider the scope and general extent of the external auditor's review, including its engagement letter. Review with management the external auditor's audit plan and intended template for financial statements.

(c) Ensure the external auditor has full, unrestricted access to required information and has the cooperation of management.

(d) Review with the external auditor, in advance of the audit, the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles.

(e) Review with the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, or significant judgments made by management that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements. Review the appropriateness and disclosure of any off-balance sheet matters. Review disclosure of any related-party transactions.

(f) Receive and review with the external auditor the external auditor's audit report and the audited financial statements. Make recommendations to the Board respecting approval of the audited financial statements.

(g) Review annually the integrity of the Company's internal and external financial reporting and accounting principles, including the clarity, completeness and accuracy of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, performance of Internal Audit Management, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting and the degree of compliance of the Company with prior recommendations of the external auditor. The Audit Committee shall direct management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review.

(h) Meet at least annually with the external auditor, independent of management, consider external auditor's judgments about the quality and appropriateness of the Company's accounting principles and practices, and report to the Board on such meetings.

Interim Financial Statements

Pursuant to its mandate, the Board shall generally approve the Company's annual and interim financial statements. Notwithstanding the foregoing, on an exceptions basis the Board may from time to time delegate to the Audit Committee the power to approve the Company's interim financial statements.

The Audit Committee shall:

(a) Review on an annual basis the Company's practice with respect to review of interim financial statements by the external auditor.

(b) Review the interim financial statements with the external auditor if the external auditor conducts a review of the interim financial statements.

(c) Conduct all such reviews and discussions with the external auditor and management as the Audit Committee deems appropriate.

(d) Review and, if such authority has been delegated to the Audit Committee by the Board, approve the interim financial statements.

(e) If authority to approve the interim financial statements has not been delegated to the Audit Committee, make appropriate recommendation to the Board respecting approval of the interim financial statements.

Code of Ethics

The Audit Committee has primary responsibility for overseeing the application of, and compliance with, the Company's Code of Business Conduct and Ethics (the "**Code**"). The Audit Committee shall review at least annually:

(a) the Code,

(b) management's approach to business ethics and corporate conduct; and

(c) programs used by management to monitor compliance with the Code.

EFFECTIVE DATE

This Audit Committee Charter was updated and adopted by the Board on May 10th, 2022.

SCHEDULE "M" – COMPENSATION COMMITTEE CHARTER

(See attached)

VERSES TECHNOLOGIES INC.
(THE "COMPANY")
COMPENSATION COMMITTEE CHARTER

GENERAL

The Compensation Committee, under the supervision of the Board of Directors of the Company (the "**Board**"), has the overall responsibility for recommending levels of executive compensation that are competitive and motivating in order to attract, hire, retain and inspire the Company's President, Chief Executive Officer, Chief Financial Officer and other executive officers (collectively, "**Management**") and certain key employees and non-executive officers below the vice-president level (collectively, "**Non-Management Officers**") and for recommending compensation for directors, including the granting of equity-based incentive awards for approval by the Board and determining whether security holder approval should be obtained.

The term "compensation" shall include salary, bonus, stock options, securities issuable pursuant to incentive-compensation plans and equity-based plans, severance arrangements and other compensatory rights or benefits, direct or indirect, as applicable.

COMPOSITION

The Compensation Committee shall be comprised of a minimum of three (3) directors of the Company, all of whom shall be "independent" as defined in section 1.4 of National Instrument 52-110 – *Audit Committees*. Upon resignation of a member of the Compensation Committee, such vacancy shall be filled by appointment by the Board as soon as practical.

RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Compensation Committee the following powers and duties to be performed by the Compensation Committee on behalf of and for the Board.

The Compensation Committee shall:

(a) review on an annual basis, and from time to time as required, and recommend to the Board for approval the compensation for directors who serve on the Board or its committees;

(b) review on an annual basis, and from time to time as required, and recommend to the Board for approval as necessary the performance targets and corporate goals relevant to Management compensation, and evaluate the performance of Management based on such goals;

(c) review and recommend to the Board for approval the proposed appointment of any person to Management;

(d) approve and appoint as necessary from time to time any person to a Non-Management Officer position;

(e) review on an annual basis, and from time to time as required, and recommend to the Board for approval the compensation of Management, considering all relevant matters including the goals of the Company and the effectiveness of Management in achieving such goals, the skill, qualifications and level of responsibility of Management, and compensation provided by comparative companies;

(f) approve, determine and review as necessary from time to time the compensation of Non-Management Officers, considering all relevant matters including the goals of the Company and the effectiveness of such Non-Management Officers in achieving those goals, the skill, qualifications and level of responsibility of the Non-Management Officers, and compensation provided by comparative companies, provided that such approval and determination shall be subject to any applicable Board policies;

(g) administer the Company's stock option plan, employee benefit plans and other compensatory plans adopted by the Company and review and approve benefits to be granted under such plans to Management, and Non-Management Officers as applicable, in accordance with any guidelines established by the Board;

(h) with the assistance of Management, monitor trends in compensation of directors and management, review and recommend to the Board for approval as necessary the Company's compensation policies and plans;

(i) review and recommend to the Board for approval all of the Company's executive compensation disclosure, including compensation philosophy, before it is publicly disclosed;

(j) review and recommend to the Board for approval all disclosure regarding the Company's stock option plans, employee benefit plans and other compensatory plans adopted by the Company that are submitted for shareholder approval;

(k) review and approve all reports of the Compensation Committee in preparing the annual information circular, annual information form or other filings required in accordance with relevant securities laws as applicable; and

(l) conduct an annual assessment of its performance and report the results of such assessment to the Board.

It shall be the general policy of the Company not to grant loans to directors, Management or Non-Management Officers.

The Compensation Committee shall have authority to engage and compensate outside advisors to review the Company’s compensation program and assist the Compensation Committee in carrying out its duties, as appropriate.

The Compensation Committee shall conduct a portion of each meeting without the presence of either Management or Non-Management Officers as the Committee deems necessary.

The Compensation Committee shall also have such other powers and duties as are delegated to it by the Board from time to time.

<u>EFFECTIVE DATE</u>

This Compensation Committee Charter was updated and adopted by the Board effective May 10th, 2022.

CERTIFICATE OF THE COMPANY

Dated: June 21, 2022.

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the Provinces of British Columbia, Alberta and Ontario.

By: (Signed) "*Gabriel René* "
Name: Gabriel René
Title: Chief Executive Officer

By: (Signed) "*Kevin Wilson*"
Name: Kevin Wilson
Title: Chief Financial Officer

On Behalf of the Board of
Directors

By: (Signed) "*Dan Mapes*"
Name: Dan Mapes
Title: President and Director

By: (Signed) "*Jonathan De Vos*"
Name: Jonathan De Vos
Title: Director

CERTIFICATE OF THE PROMOTER

Dated: June 21, 2022.

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the Provinces of British Columbia, Alberta and Ontario.

By: (Signed) "*Gabriel René* "
Name: Gabriel René
Title: Promoter

By: (Signed) "*Dan Mapes*"
Name: Dan Mapes
Title: Promoter