VERSES TECHNOLOGIES USA, INC.

(FORMERLY, VERSES LABS INC.)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021, 2020 and 2019

(Expressed in United States dollars)

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 April 14, 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 April 14, 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.