



Aisix Solutions Inc.

(formerly Minerva Intelligence Inc.)

Unaudited Condensed Consolidated Financial Statements
For the nine-month periods ended September 30, 2023 and 2022

(Stated in Canadian Dollars)

(Unaudited – prepared by management)

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Notice to Reader

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's Independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Financial Position
September 30, 2023 and December 31, 2022
(Unaudited - Stated in Canadian Dollars)

	Note	Nine-month period ended September 30, 2023	Year ended December 31, 2022
Assets			
Current Assets			
Cash		\$ 1,034,400	\$ 1,140,192
GST receivable		29,639	8,367
Accounts receivable		-	6,765
Prepaid and other expenses		122,602	73,102
		<u>1,186,641</u>	<u>1,228,426</u>
Non-Current Assets			
Equipment	5	44,918	54,209
Right of use assets	6	200,815	237,229
Total Assets		<u>\$ 1,432,374</u>	<u>\$ 1,519,864</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	12	\$ 147,016	\$ 270,518
PST payable		-	5,936
Lease liability	8	57,764	57,464
		<u>204,780</u>	<u>333,918</u>
Non-Current Liabilities			
Lease liability	8	113,841	140,768
		<u>318,621</u>	<u>474,686</u>
Shareholders' Equity			
Common shares	9	14,869,302	13,876,918
Option reserve	9	1,090,545	755,117
Warrant reserve	9	152,477	152,477
Deficit		(14,998,571)	(13,739,334)
Shareholders' Equity		<u>1,113,753</u>	<u>1,045,178</u>
Total Shareholders' Equity		<u>\$ 1,432,374</u>	<u>\$ 1,519,864</u>
Discontinued Operations	15		
Events after the reporting period	16		

s/ "Mihalis Belantis "

Director

s/ "David Poole"

Director

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited - Stated in Canadian Dollars)

	Note	Three-month period ended September 30,		Nine-month period ended September 30,	
		2023	2022	2023	2022
Sales	13	\$ -	\$ 89,422	\$ 52,920	\$ 274,248
Expenses					
Advertising and promotion		\$ 16,957	\$ 44,810	\$ 57,123	\$ 323,487
Amortization	5,6	16,629	39,502	49,875	108,566
Consulting - Corporate development		29,041	-	29,041	-
Consulting - Product development	12	105,781	23,250	128,467	123,889
Directors' fees	12	-	31,500	31,500	94,500
Management fees	12	77,333	-	77,333	-
General and administrative	8	39,701	45,741	107,864	148,856
Outsourced services		-	-	-	16,321
Professional fees	12	40,128	8,951	47,152	37,039
Regulatory and filing fees		5,626	1,232	32,601	62,227
Salaries and wages	12	-	607,010	416,528	1,834,697
Share-based compensation	12	335,195	-	335,428	58,939
Software application subscriptions		30,713	76,344	48,511	151,651
Transfer agent and filing fees		3,691	1,586	7,918	8,387
Travel		14,929	8,895	22,162	57,913
		<u>(715,724)</u>	<u>(888,821)</u>	<u>(1,391,503)</u>	<u>(3,026,472)</u>
Other Items					
Foreign exchange loss		(5,682)	(8,529)	(6,740)	(9,017)
Interest expense	8	(3,418)	(4,196)	(10,848)	(7,117)
Interest and other income		-	-	1,254	29
Loss on disposal of assets		-	-	-	(2,166)
Gain on recovery of receivables	15	-	-	43,180	-
Gain on write off of accrued liabilities	12	-	-	52,500	-
		<u>(9,100)</u>	<u>(12,725)</u>	<u>79,346</u>	<u>(18,271)</u>
Loss and comprehensive loss		<u>\$ (724,824)</u>	<u>\$ (812,124)</u>	<u>\$ (1,259,237)</u>	<u>\$ (2,770,495)</u>
Loss per share:					
Basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding					
Basic and diluted		<u>95,859,136</u>	<u>76,958,037</u>	<u>83,281,566</u>	<u>76,958,037</u>

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited - Stated in Canadian Dollars)

	Note	Common Shares				Deficit	Total Shareholders' Equity
		Number of Shares	Amount	Option reserve	Warrant reserve		
Balance at December 31, 2021		76,958,037	\$ 13,876,918	\$ 695,967	\$ 152,477	\$ (11,259,589)	\$ 3,465,773
Share-based compensation	9	-	-	58,939	-	-	58,939
Loss for the period		-	-	-	-	(2,770,495)	(2,770,495)
Balance at September 30, 2022		76,958,037	13,876,918	754,906	152,477	(14,030,084)	754,217
Share-based compensation	9	-	-	211	-	-	211
Loss for the period		-	-	-	-	290,750	290,750
Balance at December 31, 2022		76,958,037	13,876,918	755,117	152,477	(13,739,334)	1,045,178
Shares issued by way of private placement	9	20,000,000	1,000,000	-	-	-	1,000,000
Share issuance costs	9	-	(7,616)	-	-	-	(7,616)
Share-based compensation	9	-	-	335,428	-	-	335,428
Loss for the period		-	-	-	-	(1,259,237)	(1,259,237)
Balance at September 31, 2023		96,958,037	\$ 14,869,302	\$ 1,090,545	\$ 152,477	\$ (14,998,571)	\$ 1,113,753

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

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited - Stated in Canadian Dollars)

	Nine-month period ended September 30,	
	2023	2022
Operating Activities		
Loss for the period	\$ (1,259,237)	\$ (2,770,495)
Items not involving cash		
Amortization	49,875	108,566
Share-based compensation	335,428	58,939
Interest on lease liability	10,848	7,117
Changes in non cash working capital items		
Accounts receivable	6,765	45,422
GST receivable	(21,272)	(15,749)
PST payable	(5,936)	4,494
Prepaid and other expenses	(49,500)	114,553
Deposits	-	74,563
Accounts payable and accrued liabilities	(123,504)	87,262
Net cash used in operating activities	<u>(1,056,533)</u>	<u>(2,285,328)</u>
Financing Activities		
Shares issued for cash	1,000,000	-
Share issuance costs	(7,616)	-
Lease financing expense	(37,475)	(31,111)
Cash provided by financing activities	<u>954,909</u>	<u>(31,111)</u>
Investing Activities		
Acquisition of equipment	(11,462)	(33,949)
Disposal of furniture ad equipment	7,294	2,266
Leasehold improvements	-	(16,586)
Cash used in investing activities	<u>(4,168)</u>	<u>(48,269)</u>
Net change in cash	(105,792)	(2,364,708)
Cash, beginning balance	<u>1,140,192</u>	<u>3,177,392</u>
Cash, ending balance	<u>\$ 1,034,400</u>	<u>\$ 812,684</u>

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

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited - Stated in Canadian Dollars)

1. Nature and Continuance of Operations

Aisix Solution inc. (formerly Minerva Intelligence Inc.) (the “Company”) was incorporated on August 16, 2017 pursuant to the *Business Corporations Act* of British Columbia. On March 14, 2018, the Company completed its Initial Public Offering (“IPO”) and on March 26, 2018, the Company’s shares commenced trading on the TSX-V.

Minerva Intelligence (Canada) Ltd. (“Minerva Canada”) was incorporated on May 17, 2017 pursuant to the Business Corporations Act of Ontario. On April 23, 2019, Minerva Canada continued its jurisdiction of incorporation from Ontario to British Columbia. During the year ended December 31, 2019, the Company acquired Minerva Canada. Minerva Intelligence GmbH, a German subsidiary company, was incorporated on September 24, 2019. Minerva Intelligence (U.S.), Inc., a currently inactive US subsidiary, was incorporated in Delaware on August 2, 2022.

On December 9, 2022 the Company announced the sale of the geology division, including the DRIVER software platform to Bentley Systems, for Seequent, The Bentley Subsurface Company for \$1 million CAD.

On August 15, 2023, the Company announce the name change to Aisix Solutions Inc. and on August 16, 2023, the Company commenced trading on the TSX-V under the symbol “AISX”.

The head office and principal place of business of the Company is located at Suite 810, 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3. The registered office of the Company is located at 250 Howe Street, 20th floor, Vancouver, B.C. V6C 3R8.

The Company is a software and data analytics company focused on climate science and AI. The Company provides data and software to help people make informed, climate-resilient decisions. Company data-driven insights simplify climate risk management, allowing people and businesses to take actionable steps towards a more sustainable and secure future.

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2023, the Company had an accumulated deficit of \$14,998,571 (December 31, 2022 - \$13,739,334), and, for the nine-month period ended September 30, 2023, a loss from continuing operations of \$1,391,503 (year ended December 31, 2022 - \$2,051,628) and cash used in operations of \$1,056,533 (2022 - \$2,939,765). Future operations are dependent on the Company’s ability to raise additional financing and the attainment of profitable operations. The Company will require equity or debt financings in order to continue research and development, as required of, and to maintain and update, its intangible assets and fund its administrative operations.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2023 and 2022
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2. Basis of Preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements, but do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors on November 28, 2023.

Basis of presentation

The unaudited condensed consolidated interim financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise indicated, which is also the functional currency of the Company and Minerva Canada. The functional currency of Minerva Intelligence GmbH is the Euro. The preparation of the unaudited condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated interim financial statements are disclosed in Note 4.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its three wholly owned subsidiaries. Subsidiaries are entities the Company controls, either directly or indirectly, where control is defined as the power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns:

	Relationship	Ownership Percentage
Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)	Parent	
Minerva Intelligence (Canada) Ltd.	Subsidiary	100%
Minerva Intelligence GmbH	Subsidiary	100%
Minerva Intelligence (U.S.), Inc.	Subsidiary	100%

All inter-company balances and transactions have been eliminated on consolidation. See note 16.

3. Summary of Significant Accounting Policies

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited financial statements for the year ended December 31, 2022. The reader is referred to Note 3 of the December 31, 2022 audited financial statements for a description of the policies.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2023 and 2022
(Unaudited - Stated in Canadian Dollars)

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Material estimates are:

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets has been determined using estimates relating to the useful life of the intangible assets.

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

Discontinued operations

The Company uses its judgment to determine whether a component of the Company that has been disposed of meets the criteria of a discontinued operation. The key area that involves management judgment in this determination is whether the component represents a separate major line of business or geographical area of operation.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2023 and 2022
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5. Equipment

	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2022	\$ 16,589	\$ 43,372	\$ 40,275	\$ 100,236
Additions	-	11,462	-	11,462
Disposals	-	(18,477)	(7,294)	(25,771)
September 30, 2023	\$ 16,589	\$ 36,357	\$ 32,981	\$ 85,927
Amortization:				
December 31, 2022	\$ (2,214)	\$ (33,496)	\$ (10,317)	\$ (46,027)
Additions	(2,488)	(5,212)	(5,759)	(13,459)
Disposals	-	18,477	-	18,477
September 30, 2023	\$ (4,702)	\$ (20,231)	\$ (16,076)	\$ (41,009)
Carrying Amount: At September 30, 2023	\$ 11,887	\$ 16,126	\$ 16,905	\$ 44,918

	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2021	\$ 28,503	\$ 92,367	\$ 19,478	\$ 140,348
Additions	16,589	6,340	27,610	50,539
Disposals	(28,503)	(55,335)	(6,813)	(90,651)
December 31, 2022	\$ 16,589	\$ 43,372	\$ 40,275	\$ 100,236
Amortization:				
December 31, 2021	\$ (26,857)	\$ (65,596)	\$ (10,022)	\$ (102,475)
Additions	(3,860)	(14,135)	(4,513)	(22,508)
Disposals	28,503	46,235	4,218	78,956
December 31, 2022	\$ (2,214)	\$ (33,496)	\$ (10,317)	\$ (46,027)
Carrying Amount: At December 31, 2022	\$ 14,375	\$ 9,876	\$ 29,958	\$ 54,209

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
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6. Right of Use Assets

The right of use asset is measured based on the initial amount of the lease liability on office space leased, adjusted for any initial direct costs incurred, less any lease incentives received. The right-of-use assets are subsequently amortized from the 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 using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease for the former office at 850 West Hastings Street expired on January 31, 2022. The lease at 1166 Alberni Street commenced on May 1, 2022 and expires April 30, 2027. There were no other leases in effect during the period.

	Nine-month period ended September 30, 2023	Year ended December 31, 2022
Cost:		
Opening balance	\$ 268,135	\$ 184,143
850 West Hastings lease end	-	(184,143)
1166 Alberni lease addition	-	268,135
Closing balance	<u>\$ 268,135</u>	<u>\$ 268,135</u>
Amortization		
Opening balance	\$ (30,906)	\$ (179,307)
850 West Hastings lease end	-	184,143
Amortization	(36,414)	(35,742)
Closing balance	<u>\$ (67,320)</u>	<u>\$ (30,906)</u>
Carrying amount	<u>\$ 200,815</u>	<u>\$ 237,229</u>

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2023 and 2022
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7. Intangible Assets

During the year ended December 31, 2017, Minerva Canada purchased certain intangible assets from a private company with then Directors in common. The acquired intangible assets were used in the development of the Company's internally generated intangible assets. There were no additions to intangible assets during the period ended September 30, 2023 or the years ended December 31, 2021 and 2022.

During the year ended December 31, 2022, \$45,292 of intangible assets were sold as part of the sale of the geology division (Note 15) and management concluded that the remaining intangible asset was impaired and a loss of \$21,799 was recognized in Q4 2022. See note 15.

8. Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The term of the new lease is for 60 months, with a discount rate of 6%, being the Company's incremental borrowing rate.

	Nine-month period ended September 30, 2023	Year ended December 31, 2022
Opening balance	\$ 198,232	\$ 4,836
1166 Alberni lease addition	-	268,135
Prepaid rent included in security deposit	9,786	(38,967)
Payments applied	(47,261)	(46,896)
Interest expense	10,848	11,124
Closing balance	<u>\$ 171,605</u>	<u>\$ 198,232</u>
Current portion of lease liability	\$ 57,764	\$ 57,464
Long term portion of lease liability	113,841	140,768
Closing balance	<u>\$ 171,605</u>	<u>\$ 198,232</u>

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9. Shareholders' Equity

Authorized and issued share capital

The Company has authorized an unlimited number of common shares without par value.

During the year ended December 31, 2022, there were no share issuances.

On July 6, 2023, the Company closed its non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. A four month hold period expiring November 7, 2023, applies to the shares sold in this offering. No commissions or fees were paid in connection with the offering. Share issuance costs were \$7,616.

As of September 30, 2023, the Company had 96,958,037 shares issued and outstanding (December 31, 2022 - 76,958,037). As of December 31, 2022, a total of nil common shares were subject to escrow restrictions.

Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

	September 30, 2023		December 31, 2022	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding, beginning of the year	4,492,625	0.19	5,378,500	0.18
Granted	6,200,000	0.065	1,541,750	0.07
Cancelled and Expired	(3,457,625)	0.196	(2,427,625)	0.23
Outstanding, end of the period	<u>7,235,000</u>	<u>\$ 0.08</u>	<u>4,492,625</u>	<u>\$ 0.19</u>

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Stock options outstanding at September 30, 2023 are as follows:

Expiry Date	Outstanding	Exercisable	Exercise Price per Share	Remaining Contractual Life (years)
2023-11-12	30,000	30,000	\$ 0.10	0.12
2023-11-12	40,000	40,000	\$ 0.20	0.12
2023-11-12	30,000	30,000	\$ 0.30	0.12
2024-11-15	495,000	495,000	\$ 0.18	1.13
2024-05-30	440,000	440,000	\$ 0.07	0.66
2026-07-12	6,200,000	6,200,000	\$ 0.065	2.62
	7,235,000	7,235,000	\$ 0.08	2.40

Stock options outstanding at December 31, 2022 are as follows:

Expiry Date	Outstanding	Exercisable	Exercise Price per Share	Remaining Contractual Life (years)
2023-11-12	111,000	111,000	\$ 0.10	0.87
2023-11-12	148,000	148,000	\$ 0.20	0.87
2023-11-12	111,000	111,000	\$ 0.30	0.87
2023-04-07	787,125	787,125	\$ 0.07	0.27
2023-09-01	10,500	10,500	\$ 0.10	0.67
2023-09-01	14,000	14,000	\$ 0.20	0.67
2023-09-01	10,500	10,500	\$ 0.30	0.67
2023-09-16	10,500	10,500	\$ 0.14	0.71
2023-09-16	14,000	14,000	\$ 0.20	0.71
2023-09-16	10,500	10,500	\$ 0.30	0.71
2024-11-15	1,731,250	1,731,250	\$ 0.18	1.88
2024-05-30	1,534,250	1,445,750	\$ 0.07	1.41
	4,492,625	4,404,125	\$ 0.13	1.33

During the nine-month period ended September 30, 2023, the Company granted of incentive stock options to certain of its directors, officers, and consultants to purchase up to an aggregate of 6,200,000 common shares in the capital stock of the Company, exercisable at \$0.065 per share over a period of 3 years. 3,457,625 options expired unexercised at prices ranging from \$0.07 to \$0.30. \$233 of share-based compensation was recognized on previously issued options, and \$335,195 of share-based compensation was recognized on new option issuances during the period.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
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For the nine-month periods ended September 30, 2023 and 2022
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During the year ended December 31, 2022, 1,541,750 options were issued with an exercise price of \$0.07 per share and a term of two years, and 2,427,625 options expired or were cancelled. The Company recognized \$59,150 (2021 - \$215,944) in share-based compensation in the year ended December 31, 2022 and \$39,655 (2021 - \$162,756) related to continuing operations and \$19,495 (2021 - \$53,188) related to discontinued operations.

The options fair value was calculated using the Black-Scholes option pricing model:

	September 30, 2023	December 31, 2022
Weighted average share price	\$0.065	\$0.07
Risk-free interest rate	4.36%	0.46%
Expected life of option	1.50 years	2.0 years
Expected annualized volatility	222.09%	123.00%
Expected dividend rate	Nil	Nil

Warrants

As of September 30, 2023, nil warrants are outstanding (December 31, 2023 – 17,149,166) as follows:

	September 30, 2023		December 31, 2022	
	Number of Warrants	Exercise Price \$	Number of Warrants	Exercise Price \$
Outstanding, beginning of the year	17,149,166	0.24	17,149,166	0.24
Expired	(966,000)	0.20	-	-
	(1,200,000)	0.20	-	-
	(14,983,166)	0.25	-	-
Outstanding, end of the year	<u>-</u>	<u>\$ -</u>	<u>17,149,166</u>	<u>\$ 0.24</u>

As of December 31, 2022, the following warrants were outstanding:

Expiry Date	Outstanding	Exercise Price \$
2023-02-17	966,000	0.20
2023-03-23	1,200,000	0.20
2023-09-17	14,983,166	0.25
	<u>17,149,166</u>	<u>\$ 0.24</u>

In addition, 1,371,813 broker warrants, exercisable at a price of \$0.25 per share until September 17, 2023, expired unexercised during the period. The broker warrants were valued at \$152,477 using the Black-Scholes option pricing model:

Exercise price:	\$0.25
Market price:	\$0.195
Discount rate:	0.46%
Expected dividend:	nil
Expected life:	2 years
Volatility:	123.31%

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10. Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity. The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company has not entered into financial instruments agreements, including derivative financial instruments for speculative purposes.

The Company's main financial risk exposures and its financial policies are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivable are exposed to credit risk, with the carrying values being the Company's maximum exposure. The Company's cash consists of deposit accounts with chartered banks. The Company's accounts receivable consists of contract payments due from governments and companies, with the carrying amounts also being the Company's maximum exposure. Management believes the Company's exposure to credit risk is not material. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the consolidated statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its operating obligations and cash on hand. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains certain cash balances in term deposits which renew periodically, and which rates reflect the market at the time of renewal. Management believes that the interest rate risk on these investments is nominal. The Company is not exposed to any other material interest rate risk aside from the term deposits noted. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

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Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk as it engages in transactions in other foreign currencies, from time to time. As of September 30, 2023, the carrying values of the financial assets and liabilities denominated in US dollars were converted to CAD at a rate of 1.3520 (2022 - 1.3541) and Euros converted to CAD at the rate of 1.4304 (2021 - 1.4487). A 10% change in the foreign exchange rate would have an impact on profit and loss of \$3,507 (2022 - \$8,452):

	September 30, 2023		December 31, 2022	
Cash (US dollar)	\$	33,154	\$	80,239
Cash (Euro)		3,791		4,775
Amounts receivable (US dollar)		-		-
Accounts payable and deposits (US dollar)		(1,352)		-
Accounts payable (Euros)		(524)	-	494
Total	\$	35,069	\$	84,520
10% change in the exchange rate impact	\$	3,507	\$	8,452

The Company's exposure to and management of foreign exchange risk has not changed materially from that of the prior year.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company does not have any financial instruments which are exposed to this risk. The Company's exposure to and management of price risk has not changed materially from that of the prior year.

11. Capital Management

The Company's capital currently consists of common shares, \$14,869,302 at September 30, 2023 (December 31, 2022 - \$13,876,918). Its principal sources of cash are from sales and from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate, acquire, and operate an interest in businesses or assets. 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 attempt to issue new shares.

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12. Related Party Transactions

Related parties include key management personnel, who are 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 corporate officers. The remuneration of key management personnel during the three and nine-month periods ended September 30, 2023 and 2022 were as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023	2022	2023	2022
Directors' fees	\$ -	\$ 31,500	\$ 9,000	\$ 94,500
Salaries, wages & related consulting	99,998	193,190	369,705	570,160
Professional fees & Consulting	-	15,000	-	72,250
Share-based payments	200,035	-	200,035	52,006
	<u>\$ 300,033</u>	<u>\$ 239,690</u>	<u>\$ 578,740</u>	<u>\$ 788,916</u>

Amounts due to related parties at September 30, 2023 and 2022 are unsecured, interest free and due on demand. As at September 30, 2023, accounts payable and accrued liabilities include \$nil (December 31, 2022 - \$6,250) owing to the former CEO of the Company, \$23,625 (December 31, 2022 - \$23,625) owing to the Chief Software Architect of the Company, and \$21,000 (December 31, 2022 - \$42,000) owing to directors for directors' fees.

13. Segmented Information

At September 30, 2023, the Company has one operating segment in the climate consulting area, and all sales are related to that area in Canada as of Q3 2023. All non-current assets are located in Canada.

In 2022, the Company had two reportable operating segments comprised of SaaS proprietary AI software and software related consulting services. Revenue is principally earned in Canada (previously in Canada and the United States). In Q4, 2022 the Company sold its interest in the geology division and its software. See note 15.

14. Income Taxes

At December 31, 2022, the company had non-capital losses from continuing operations of \$13,226,000 (2021 - \$10,371,000) available for carry-forward to reduce future years' income taxes. These losses will expire as follows:

2037	224,000
2038	1,236,000
2039	3,830,000
2040	2,603,000
2041	2,525,000
2042	<u>2,808,000</u>
	<u>13,226,000</u>

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15. Discontinued Operations

On December 9, 2022 the Company completed the sale of the geology division, including the DRIVER software platform to Bentley Systems, for Seequent, The Bentley Subsurface Company for \$1 million CAD. As a result of the transaction, the Company recognized a gain of \$954,691. Upon closing, the operations of the geology division were classified as a discontinued operation in the statement of loss and comprehensive loss for the years ended December 31, 2022 and 2021. The geology division was previously included in results reported for the consulting and SaaS segments.

The gain on disposal of the discontinued operation was determined as follows:

Cash consideration:	\$	1,000,000
Bank charges		(17)
		<u>999,983</u>
Net assets disposed of:		
Intangible assets		(45,292)
		<u>\$ 954,691</u>

As a result of the sale of the geology division, the Company recorded a gain of \$150,436 related to client deposits retained under the agreement, and a loss of \$48,430 related to accounts receivable which were deemed uncollectable as of December 31, 2022.

16. Events after the reporting period

The Company has evaluated its activities subsequent to September 30, 2023, and has determined that there are no material events to be reported aside from the following:

- In October 2023, the Company closed its inactive US subsidiary, as the subsidiary had been formed to facilitate possible future US operations of operations which were sold in 2022. After review, it was determined that the subsidiary was no longer required for any future activities.