# ALSET CAPITAL INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**
**(Unaudited – Prepared by Management)**

**FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022**

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

**ALSET CAPITAL INC.**
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| AS AT | December 31, 2023 | September 30, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 299,668 | $ 147,656 |
| Accounts receivable | 40,991 | 32,705 |
| Prepaid expense | 1,902 | 780 |
| Loans receivable (Note 5) | 351,930 | 50,000 |
| | 694,491 | 231,141 |
| **Deposit in investment in Cedarcross (Note 4)** | - | 210,000 |
| **Investment in associates (Note 4)** | 197,088 | - |
| | $ 891,579 | $ 441,141 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 9) | $ 687,996 | $ 608,118 |
| Convertible debentures (Note 7) | 187,689 | - |
| Convertible debenture proceeds received in advance (Note 7) | - | 45,000 |
| Short-term loans payable (Note 6) | 257,883 | 257,883 |
| | 1,133,568 | 911,001 |
| **Shareholders' deficiency** | | |
| Share capital (Note 8) | 25,073,475 | 24,720,681 |
| Equity portion of convertible debentures (Note 7) | 4,441 | - |
| Reserves (Note 8) | 499,971 | 499,971 |
| Subscriptions received in advance (Note 8) | - | 34,375 |
| Deficit | (25,819,876) | (25,724,887) |
| | (241,989) | (469,860) |
| | $ 891,579 | $ 441,141 |

**Nature and continuance of operations** (Note 1)
**Subsequent events** (Note 13)

Approved and authorized by the Board on February 29, 2024:

| | | | |
|---|---|---|---|
| *"Zelong He"* | Director | *"Morgan Good"* | Director |
| Zelong He | | Morgan Good | |

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

**ALSET CAPITAL INC.**
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

| For the three month periods ended December 31, | 2023 | 2022 |
|---|---|---|
| **GENERAL EXPENSES** | | |
| Accretion expense (Note 7) | $ 370 | $ - |
| Consulting and management fees (Note 9) | 45,000 | 4,500 |
| Office and miscellaneous | 3,208 | 1,738 |
| Interest expense (Note 7) | 3,760 | - |
| Investor relations | 15,000 | 15,000 |
| Loss on equity investment (Note 4) | 12,912 | - |
| Professional fees | 14,945 | 2,046 |
| Transfer agent and filing fees | 1,724 | 4,987 |
| **Loss before other items** | (96,919) | (28,271) |
| **Interest income (Note 5)** | 1,930 | - |
| **Loss and comprehensive loss for the period** | $ (94,989) | $ (28,271) |
| **Basic and diluted loss per share** | $ (0.01) | $ (0.00) |
| **Weighted average number of common shares outstanding – basic and diluted** | 17,911,053 | 13,155,972 |

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

**ALSET CAPITAL INC.**
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

| For the three month periods ended December 31, | | 2023 | | 2022 |
|---|---|---|---|---|
| **CASH FROM OPERATING ACTIVITIES** | | | | |
| Loss for the period | $ | (94,989) | $ | (28,271) |
| Items not affecting cash: | | | | |
| Accretion expense | | 370 | | - |
| Accrued interest expense | | 3,760 | | - |
| Accrued interest receivable | | (1,930) | | - |
| Loss on equity investment | | 12,912 | | - |
| Changes in non-cash working capital items: | | | | |
| Accounts receivable | | (8,286) | | (2,143) |
| Prepaid expenses | | (1,122) | | 63 |
| Accounts payable and accrued liabilities | | 79,878 | | 6,140 |
| Net cash used in operating activities | | (9,407) | | (24,211) |
| **CASH FROM FINANCING ACTIVITIES** | | | | |
| Private placement | | 363,441 | | - |
| Share issuance costs | | (40,581) | | - |
| Convertible debentures | | 138,559 | | - |
| Loan receivable | | (300,000) | | - |
| Net cash provided by financing activities | | 161,419 | | - |
| **Change in cash during the period** | | 152,012 | | (24,211) |
| **Cash, beginning of period** | | 147,656 | | 419,520 |
| **Cash, end of period** | $ | 299,668 | $ | 395,309 |

**Supplemental disclosure with respect to cash flows** (Note 10)

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

**ALSET CAPITAL INC.**
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)
(Unaudited)

| | Share capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Amount | Equity portion of convertible debentures | Reserves | Subscriptions received in advance | Deficit | Total |
| **Balance at September 30, 2022** | 13,155,972 | $ 24,720,681 | $ - | $ 499,971 | $ - | $ (25,468,179) | $ (247,527) |
| Loss for the period | - | - | - | - | - | (28,271) | (28,271) |
| **Balance at December 31, 2022** | 13,155,972 | $ 24,720,681 | $ - | $ 499,971 | $ - | $ (25,496,450) | $ (275,798) |
| Subscriptions received in advance | - | - | - | - | 34,375 | - | 34,375 |
| Loss for the period | - | - | - | - | - | (228,437) | (228,437) |
| **Balance at September 30, 2023** | 13,155,972 | $ 24,720,681 | $ - | $ 499,971 | 34,375 | $ (25,724,887) | $ (469,860) |
| Private placement | 13,112,497 | 393,375 | - | - | (34,375) | - | 359,000 |
| Share issuance costs | - | (40,581) | - | - | - | - | (40,581) |
| Issuance of convertible debentures | - | - | 4,441 | - | - | - | 4,441 |
| Loss for the period | - | - | - | - | - | (94,989) | (94,989) |
| **Balance at December 31, 2023** | 26,268,469 | $ 25,073,475 | $ 4,441 | $ 499,971 | $ - | $ (25,819,876) | $ (241,989) |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Alset Capital Inc. (the "Company") was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "KSUM.H".

The Company's registered and records office is #1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7. Its principal business activity is the business of investing in technology companies, which involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

During the year ended September 30, 2023, the Board of Directors authorized a 2 for 1 share consolidation. The number of issued and outstanding shares, options, share purchase warrants, and per-share amounts have been retroactively restated for all the periods presented unless otherwise stated.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

## 2. BASIS OF PREPARATION

### Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These condensed interim financial statements should be read together with the audited financial statements for the year ended September 30, 2023.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value.

### Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 2. BASIS OF PREPARATION *(cont'd…)*

**Use of estimates and judgments**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that 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:

*Critical accounting estimates*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

*Valuation of investment*

The Company holds a 49% interest in in Cedarcross International Technologies Inc. ("Cedarcross") as at December 31, 2023. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

*Critical accounting judgments*

The determination of whether the Company will continue as a going concern for the next year.

## 3. SIGNIFICANT ACCOUNTING POLICIES

Except otherwise indicated hereunder, these condensed interim financial statements have been prepared using the same policies and methods as the financial statements of the Company for the period ended September 30, 2023 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

Refer to Note 3 of the Company's financial statements for the year ended September 30, 2023, for more information on new accounting standards.

(Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

**Investment in associate**

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Intercompany transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associates.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

## 4. INVESTMENT IN ASSOCIATE

On October 31, 2023, the Company acquired common shares equal to 49% ownership take in Cedarcross for a total consideration of $210,000.

The Company accounts for its interest in Cedarcross on an equity basis. As at December 31, 2023, the Company holds a 49% interest in Cedarcross. The functional currency of Cedarcross is the Canadian Dollar. Supplementary financial information regarding the Company's investment in Cedarcross is presented below, after adjustments to align to accounting policies.

| As at December 31, 2023 | | |
|---|---|---|
| Non-current assets | $ | 850,222 |
| Current liabilities | | (448,002) |
| Net assets | | 402,220 |
| The Company's share of net assets – 49% | $ | 197,088 |

(Expressed in Canadian Dollars)

## 4. INVESTMENT IN ASSOCIATES *(cont'd…)*

| For the period from October 31, 2023 to December 31, 2023 | | |
|---|---|---|
| Loss and comprehensive loss for the period | $ | (26,352) |
| The Company's share of comprehensive loss – 49% | $ | (12,912) |

| Investment in associate | | |
|---|---|---|
| Opening balance, October 31, 2023 | $ | - |
| Equity investment | | 210,000 |
| Loss on equity investment | | (12,912) |
| Ending balance, December 31, 2023 | $ | 197,088 |

## 5. LOANS RECEIVABLE

The loans receivable is owed from Cedarcross.

The following is a continuity schedule of loans receivable:

| **Loans receivable** | | |
|---|---|---|
| Balance, September 30, 2022 | $ | - |
| Funds sent | | 50,000 |
| Balance, September 30, 2023 | $ | 50,000 |
| Funds sent | | 300,000 |
| Interest receivable | | 1,930 |
| Balance, December 31, 2023 | $ | 351,930 |

During the three months ended December 31, 2023, the Company:

a) Entered into a loan agreement with Cedarcross on December 5, 2023, for $100,000 at an interest rate of 1% per annum. The loan is unsecured and due on demand.

During the year ended September 30, 2023, the Company:

a) Entered into a loan agreement with Cedarcross on September 5, 2023, for $50,000 at an interest rate of 1% per annum. The loan is unsecured and due on demand.

b) Entered into a loan agreement with Cedarcross on October 30, 2023, for $200,000 at an interest rate of 5% per annum. The loan is unsecured and due on demand.

(Expressed in Canadian Dollars)

## 6. SHORT-TERM LOANS PAYABLE

During the period ended December 31, 2023, the Company has short-terms loans payable of $257,883. The loans are non-interest bearing and due on demand.

## 7. CONVERTIBLE DEBENTURES

| **24% Convertible debentures** | | |
|---|---|---|
| Principal amount: $188,000 | | |
| Liability amount, upon recognition | $ | 183,559 |
| Accretion expense | | 370 |
| Accrued interest payable | | 3,760 |
| Balance, December 31, 2023 | $ | 187,689 |

On November 28, 2023, the Company completed an offering of unsecured convertible debentures in aggregate principal of $188,000 (the "Debentures"), of which $45,000 was received during the year ended September 30, 2023.

The Debentures mature on the date (the "Maturity Date") that is 12 months from the date of issuance (the "Closing Date"). The principal amount of Debentures may be converted into units of the Company ("Debenture Units"), in whole or in part, at the option of the holder, at any time following the Closing Date but on or before the Maturity Date, into Debenture Units at a price of $0.05 per Unit.

The Debentures bear interest at a rate of 24.0% per annum from the Closing Date.

Each Debenture Unit consists of one common share and one share purchase warrant ("Debenture Warrant"). Each Debenture Warrant will entitle the holder thereof to acquire one additional share at a price of $0.05 per share for a period of 12 months from the date of issuance.

For accounting purposes, the Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on an estimated rate of 27.0% for debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible debenture and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debentures at an effective rate of 27.0%.

During the three months ended December 31, 2023, the Company incurred interest expense of $3,760 and accretion expense of $370 on the convertible debentures, which has been recorded on the condensed interim statement of operations and comprehensive loss.

(Expressed in Canadian Dollars)

## 8. SHARE CAPITAL AND RESERVES

### Authorized share capital

As at December 31, 2023, the authorized share capital of the Company is an unlimited number of common shares without par value.

### Issued share capital

During the period ended December 31, 2023:

a) The Company completed a non-brokered private placement of 13,112,497 units (the "Units") at a price of $0.03 for gross proceeds of $393,375, of which $34,375 was received in the year ended September 30, 2023, less share issuance costs of $40,581. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of $0.05 per share for a period of 12 months from the date of closing.

During the year ended September 30, 2023:

a) The board of directors authorized a 2 for 1 share consolidation. The Company had pre-consolidation shares of 26,311,851 which was later consolidated to 13,155,972. The number of issued and outstanding shares, options, share purchase warrants, and per-share amounts have been retroactively restated for all the periods presented unless otherwise stated.

b) Received $34,375 in gross proceeds in relation to a private placement that completed during the three months ended December 31, 2023.

### Share purchase warrants

Share purchase transactions are summarized as follows:

| | Number of warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, September 30, 2022 | 11,655,585 | $ 0.24 |
| Expired/Cancelled | (11,655,585) | 0.24 |
| Outstanding, September 30, 2023 | - | $ - |
| Granted | 13,112,497 | 0.05 |
| Outstanding and exercisable, December 31, 2023 | 13,112,497 | $ 0.05 |

Outstanding share purchase warrants as at December 31, 2023:

| Number | Exercise price | Expiry date |
|---|---|---|
| 13,112,497 | $ 0.05 | November 28, 2024 |

## 8. SHARE CAPITAL AND RESERVES *(cont'd…)*

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company of up to a maximum of 10 years as decided by the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. An option shall be granted as fully vested unless a vesting schedule is imposed by the board of directors as a condition of the grant on the grant date.

There were no stock options outstanding as of September 30, 2023 and December 31, 2023.

## 9. RELATED PARTY TRANSACTIONS

Key management personnel consist of the officers of the Company and the Company's Board of Directors.

During the period ended December 31, 2023, the Company paid or accrued management fees of $15,000 (2022 - $4,500) to a company that employs the CFO of the Company and has loans payable of $169,860 (September 30, 2023 - $169,860) to the same company. The loans are non-interest bearing and due on demand.

During the period ended December 31, 2023, the Company paid or accrued consulting fees of $15,000 (2022 - $nil) to a company owned by the CEO of the Company.

As at December 31, 2023, $84,000 (September 30, 2023 - $72,975) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

## 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no material non-cash transactions during the period ended December 31, 2023 and 2022.

## 11. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient capital to fund operations. Capital is comprised of the component of shareholders' deficiency as described in the statement of changes in shareholders' deficiency. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There have been no changes to the Company's approach to capital management during the three months ended December 31, 2023.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and short-term loans payable approximated their fair value because of the short-term nature of these instruments. The settlement value of convertible debentures as at December 31, 2023 was $191,760 which equals principal and accrued interest.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

***Financial risk factors***

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a cash balance of $299,668 (September 30, 2023 - $147,656) to settle current liabilities of $1,133,568 (September 30, 2023 - $911,001). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

*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 commodity and equity prices. The Company does not have a practice of trading derivatives.

*Interest rate risk*

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2023, the Company did not have any investments in investment-grade short-term deposit certificates.

Debt instruments carrying interest charges are at fixed rates and not subject to variable adjustment, unless in certain circumstances of default (Note 7).

*Price risk*

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## 13. SUBSEQUENT EVENTS

Subsequent to the three months ended December 31, 2023, the Company:

Entered into a share exchange agreement (the "Agreement") between Vertex AI Ventures Inc. ("Vertex") and the shareholders of Vertex, pursuant to which the Company will acquire 49% of the current issued and outstanding common shares in the capital of Vertex ("Vertex Interest"). As consideration for the Vertex Interest, the Company will issue an aggregate of 12,000,000 common share in the capital of the Company (the "Payment Shares"). Completion of the proposed transaction is subject to a number of conditions, including but not limited to, TSX-V, including the NEX Board (collectively, the "Exchange") acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

Granted 2,626,000 stock options to certain directors, officer and consultants at an exercise price of $0.05 per common share exercisable for 5 years.

Settled an aggregate of $798,093 in debt in exchange for an aggregate of 15,961,863 (each, a "Debt Unit") at a price of $0.05 per Debt Unit. Each Debt unit consists of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant holder will be entitled to acquire an additional Common Share (each, a "Warrant Share") at an exercise price of $0.05 per Warrant Share for a period of 12 months from the date of issuance.