

ALSET CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

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

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2023 AND 2022

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants 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	March 31, 2023	September 30, 2022
ASSETS		
Current		
Cash	\$ 344,084	\$ 419,520
Accounts receivable	26,199	21,668
Prepaid expense	<u>780</u>	<u>843</u>
	<u>\$ 371,063</u>	<u>\$ 442,031</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 440,369	\$ 431,675
Short-term loans payable (Note 4)	<u>257,883</u>	<u>257,883</u>
	<u>698,252</u>	<u>689,558</u>
Shareholders' deficiency		
Share capital (Note 5)	24,720,681	24,720,681
Reserves (Note 5)	499,971	499,971
Deficit	<u>(25,547,841)</u>	<u>(25,468,179)</u>
	<u>(327,189)</u>	<u>(247,527)</u>
	<u>\$ 371,063</u>	<u>\$ 442,031</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on May 29, 2023:

<u>“Zelong He”</u>	Director	<u>“Morgan Good”</u>	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 months ended March 31, 2023	For the three months ended March 31, 2022	For the six months ended March 31, 2023	For the six months ended March 31, 2022
GENERAL EXPENSES				
Transfer agent and filing fees	\$ 7,273	\$ -	\$ 12,260	\$ 14,177
Consulting and management fees (Note 6)	14,500	4,500	19,000	15,000
Office and miscellaneous	929	159	2,667	1,454
Professional fees	8,689	20,452	10,735	33,604
Investor relations	<u>20,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
Loss before other items	(51,391)	(25,111)	(79,662)	(64,235)
OTHER ITEMS				
Loss on debt settlement	-	-	-	(288,889)
Gain on write-off of debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,865</u>
Loss and comprehensive loss for the period	(51,391)	\$ (25,111)	\$ (79,662)	\$ (349,259)
Basic and diluted loss per share	(0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	26,311,851	26,311,851	26,311,851	22,932,726

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 six month period ended March 31,	2023	2022
CASH FROM OPERATING ACTIVITIES		
Loss for the period	\$ (79,662)	\$ (349,259)
Items not affecting cash:		
Gain on debt settlement	-	288,889
Changes in non-cash working capital items:		
Accounts receivable	(4,531)	(4,587)
Prepaid expense	63	-
Accounts payable and accrued liabilities	8,694	(131,266)
Net cash used in operating activities	(75,436)	(196,223)
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of common shares	-	750,003
Loan payable	-	(77,357)
Share issuance costs	-	(51,265)
Net cash provided by financing activities	-	621,381
Change in cash during the period	(75,436)	425,158
Cash, beginning of period	419,520	686
Cash, end of period	\$ 344,084	\$ 425,844

Supplemental disclosure with respect to cash flows (Note 7)

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)

	<u>Share capital</u>		Reserves	Deficit	Total
	Number	Amount			
Balance at September 30, 2021	3,534,041	22,761,972	\$ 459,942	\$ (25,319,197)	\$ (2,097,283)
Common shares issued for private placement	8,333,366	750,003	-	-	750,003
Share issued for debt settlement	14,444,444	1,300,000	-	-	1,300,000
Share issuance costs, cash	-	(51,265)	-	-	(51,265)
Share issuance costs, non-cash	-	(40,029)	40,029	-	-
Loss for the period	-	-	-	(349,259)	(349,259)
Balance at March 31, 2022	26,311,851	24,720,681	499,971	(25,668,456)	(447,804)
Loss for the period	-	-	-	200,277	200,277
Balance at September 30, 2022	26,311,851	24,720,681	499,971	(25,468,179)	(247,527)
Loss for the period	-	-	-	(79,662)	(79,662)
Balance at March 31, 2023	26,311,851	\$ 24,720,681	\$ 499,971	\$ (25,547,841)	\$ (327,189)

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

ALSET CAPITAL INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six-month period ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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 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.

These 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 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 financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of presentation and consolidation

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

ALSET CAPITAL INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three and six-month period ended March 31, 2023 and 2022
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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.

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 year ended September 30, 2022 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, 2022, for more information on new accounting standards and amendments not yet effective.

4. SHORT-TERM LOANS PAYABLE

During the year ended September 30, 2022, the Company issued 12,922,658 units to settle \$1,163,040 in loans payable (Note 5). The Company also repaid \$77,357 loans payable in cash.

Balance as at September 30, 2021	\$	1,498,280
Settlement in cash		(77,357)
Settlement in shares		(1,163,040)
<hr/>		
Balance as at September 30, 2022 and March 31, 2023	\$	257,883

ALSET CAPITAL INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three and six-month period ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

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5. SHARE CAPITAL AND RESERVES**Authorized share capital**

As at March 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 March 31, 2023, the Company did not issue any shares.

During the year ended September 30, 2022:

- a) Closed a non-brokered private placement by issuing 8,333,366 units at a price of \$0.09 per unit for gross proceeds of \$750,003. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.12 per common share for 12 months from the date of issuance. The warrants were valued at \$nil.

Pursuant to the private placement, the Company issued 533,360 non-transferable finder's warrants exercisable at a price of \$0.12 per common share for a period of 12 months from the date of issuance, paid cash of \$48,002 as finders' fees, and incurred other share issuance costs of \$3,263. The warrants were valued at \$40,029 based on the following Black-Scholes assumptions: risk-free interest rate of 0.98%, expected life of 1 year, annualized volatility of 204.82% and dividend rate of 0%.

- b) Issued 14,444,444 units at a fair value of \$1,300,000 to settle accounts payable of \$136,960 and short-term loans payable of \$1,163,040 (Note 4). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.12 per common share for 12 months from the date of issuance. The warrants were valued at \$nil.

Stock options and share purchase warrants

Stock option and share purchase transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, September 30, 2021	7,500	\$ 8.80	-	\$ -
Expired/Cancelled	(7,500)	8.80	-	-
Grant	-	-	23,311,170	0.12
Outstanding, September 30, 2022	-	-	23,311,170	0.12
Expired/Cancelled	-	-	(23,311,170)	0.12
Outstanding and exercisable, March 31, 2023	-	\$ -	-	\$ -

ALSET CAPITAL INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

5. 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. 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. Any vesting is determined by the board of directors.

6. RELATED PARTY TRANSACTIONS

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

During the six-month period ended March 31, 2023, the Company paid or accrued management fees of \$9,000 (2022 - \$15,000) to a company that employs the CFO of the Company.

During the six-month period ended March 31, 2023, the Company paid or accrued consulting fees of \$10,000 (2022 - \$nil) to a company owned by the CEO of the Company.

As at March 31, 2023, \$36,225 (September 30, 2022 - \$21,525) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

8. 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.

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

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities and short-term loans payable approximated their fair value because of the short-term nature of these instruments.

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 March 31, 2023, the Company had a cash balance of \$344,084 (September 30, 2022 - \$419,520) to settle current liabilities of \$698,252 (September 30, 2022 - \$689,558). 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 March 31, 2023, the Company did not have any investments in investment-grade short-term deposit certificates.

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.