

BLUMETRIC ENVIRONMENTAL INC.

CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR SECOND QUARTER AND SIX – MONTH PERIOD ENDED
MARCH 31, 2023**



About Us

BluMetric Environmental Inc. is a publicly traded environmental consulting and water cleantech company. We provide complete solutions to challenges such as water purification, protecting environments, and ensuring health and safety for Industrial/Commercial, Mining, Government, and Military clients.

BluMetric has more than 160 employees operating in ten offices and over 40 years of expertise. From remote northern mines to urban workplaces, we deliver with an interdisciplinary team best suited to solving unique challenges.

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 the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited 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 condensed interim financial statements by an entity's auditor.

HEAD OFFICE
BluMetric Environmental Inc.
1682 Woodward Dr,
Ottawa, ON K2C 3R8
Canada

BluMetric Environmental Inc.
Condensed Unaudited Interim Statements of Financial Position
As at March 31, 2023 and September 30, 2022

(expressed in Canadian dollars)

	March 31, 2023	September 30, 2022
	\$	\$
Current assets		
Cash and cash equivalents (note 4)	3,428,826	4,911,423
Accounts receivable (note 5)	7,750,498	7,565,177
Unbilled revenue	2,081,522	2,376,215
Contract assets	2,506,985	2,777,768
Prepaid expenses	643,963	291,921
	<u>16,411,794</u>	<u>17,922,504</u>
Non-current assets		
Property and equipment	140,223	168,710
Intangible assets	62,055	72,644
Right-of-use assets (note 6)	1,571,910	774,532
Deferred income tax assets	529,221	731,153
	<u>2,303,409</u>	<u>1,747,039</u>
	<u>18,715,203</u>	<u>19,669,543</u>
Current liabilities		
Trade and other payables (note 8)	3,264,540	5,905,070
Contract liabilities	658,217	243,035
Current portion of lease liabilities (note 6)	445,818	363,984
Current portion of long-term debt (note 9)	506,531	498,303
	<u>4,875,106</u>	<u>7,010,392</u>
Non-current liabilities		
Lease liabilities (note 6)	1,192,290	467,512
Long-term debt (note 9)	567,767	823,107
	<u>1,760,057</u>	<u>1,290,619</u>
	<u>6,635,163</u>	<u>8,301,011</u>
Shareholders' Equity		
Share capital	5,796,819	5,796,819
Contributed surplus and other equity	853,070	677,298
Retained earnings	5,430,151	4,894,415
	<u>12,080,040</u>	<u>11,368,532</u>
	<u>18,715,203</u>	<u>19,669,543</u>

Approved by the Board of Directors

 "Ian Mor Macdonald"
 Ian Mor Macdonald

Director

 "Scott MacFabe"
 Scott MacFabe

Director

BluMetric Environmental Inc.
Condensed Unaudited Interim Statements of Changes in Shareholders' Equity
For the six months ended March 31, 2023 and 2021

(expressed in Canadian dollars)

	Common shares #	Share capital \$	Contributed surplus and other equity \$	Retained earnings (deficit) \$	Total \$
Balance – October 1, 2021	28,895,695	5,600,081	690,584	3,571,365	9,862,030
Share-based compensation	-	-	9,280	-	9,280
Exercise of stock options (note 10)	500,000	186,919	(66,919)	-	120,000
Net earnings and comprehensive income for the period	-	-	-	816,644	816,644
Balance – March 31, 2022	<u>29,395,695</u>	<u>5,787,000</u>	<u>632,945</u>	<u>4,388,009</u>	<u>10,807,954</u>
Balance – October 1, 2022	29,435,695	5,796,819	677,298	4,894,415	11,368,532
Share-based compensation (note 10)	-	-	175,772	-	175,772
Net earnings and comprehensive income for the period	-	-	-	535,736	535,736
Balance – March 31, 2023	<u>29,439,435</u>	<u>5,796,819</u>	<u>853,070</u>	<u>5,430,151</u>	<u>12,080,040</u>

BluMetric Environmental Inc.

Condensed Unaudited Interim Statements of Net Earnings and Comprehensive Income For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

	For the three months ended		For the six months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$
Revenue (note 14, 15)	7,413,985	8,213,772	17,892,010	16,030,026
Cost of sales (note 12)	5,869,515	6,412,005	14,018,532	12,183,344
Gross profit	1,544,470	1,801,767	3,873,478	3,846,682
Operating expenses and other items				
Selling, general and administrative (note 12)	1,388,497	1,453,779	2,941,399	2,719,154
Operating profit	155,973	347,988	932,079	1,127,528
Finance costs (note 12)	21,140	23,905	42,599	56,555
Earnings before income taxes	134,833	324,083	889,480	1,070,973
Income tax expense (note 11)	54,908	59,639	353,744	254,329
Net earnings and comprehensive income for the period	79,925	264,444	535,736	816,644
Earnings per share				
Basic	0.00	0.01	0.02	0.03
Diluted	0.00	0.01	0.02	0.03
Weighted average number of shares outstanding (note 13)				
Basic	29,435,695	29,395,695	29,435,695	29,310,530
Diluted	29,439,435	29,443,538	29,435,695	29,414,845

BluMetric Environmental Inc.
Condensed Unaudited Interim Statements of Cash Flows
For the six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

	For the six months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings and comprehensive income for the period	535,736	816,644
Non-cash items		
Deferred income tax expense (note 11)	201,932	124,705
Increase (decrease) in credit loss allowance	(246,472)	48,028
Depreciation of property and equipment	28,487	31,747
Amortization of intangible assets	10,589	6,481
Amortization of right-of-use assets (note 6)	266,139	216,055
Share-based compensation (note 10)	175,772	9,280
Change in working capital balances	(1,950,763)	(1,198,252)
	<u>(978,580)</u>	<u>54,688</u>
Investing activities		
Acquisition of property and equipment	-	(47,761)
Acquisition of intangible assets	-	(13,600)
	<u>-</u>	<u>(61,361)</u>
Financing activities		
Repayment of long-term debt	(247,112)	(369,538)
Principal payments on leases (note 6)	(256,905)	(219,267)
Exercise of stock options (note 10)	-	120,000
	<u>(504,017)</u>	<u>(468,805)</u>
Change in cash and cash equivalents during the period	(1,482,597)	(475,478)
Cash and cash equivalents – Beginning of period	<u>4,911,423</u>	<u>4,727,420</u>
Cash and cash equivalents – End of period	<u>3,428,826</u>	<u>4,251,942</u>
Supplementary information		
Interest paid	19,988	27,951

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

1. Nature of operations

BluMetric Environmental Inc. (the Company) is an integrated product and service organization providing sustainable solutions to complex environmental issues in Canada and abroad. The Company serves customers in many industrial sectors, and at all levels of government, both domestically and internationally.

The Company focuses on environmental earth sciences and engineering, contaminated site remediation, water resource management, industrial hygiene, occupational health and safety, water and wastewater design-build and pre-engineered solutions.

The Company has entered in a shareholder relationship with BLM-KEL-60 Corp., an unrelated party, for purposes of executing projects in Nunavut supporting federal, territorial and private clients. BluMetric Environmental Inc is a registered and beneficial owner of 16.3% of the issued and outstanding shares in the capital of the corporation. No material transactions have taken place during the period ended March 31, 2023.

The head office of the Company is located at 1682 Woodward Drive Ottawa, Ontario, Canada K2C 3R8. The Company's common shares are listed on the Toronto Venture Exchange (TSX-V – BLM) in Canada.

2. Basis of presentation

Statement of compliance

These condensed unaudited interim financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These condensed unaudited interim financial statements do not contain all the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended September 30, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee.

Authorization of financial statements

The condensed unaudited interim financial statements were approved and authorized for issue by the Board of Directors on May 25, 2023.

Presentation and functional currency

The Company's presentation and functional currency is the Canadian dollar.

Basis of measurement

The condensed unaudited interim financial statements have been prepared on the historical cost basis.

BluMetric Environmental Inc.

Notes to Condensed Unaudited Interim Financial Statements

For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

Critical accounting judgments and estimates

The preparation of these condensed unaudited interim financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of the Company's assets, liabilities, revenue, and expenses during the reporting period presented. The significant judgments made by management when applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's September 30, 2022 annual financial statements.

Standards, amendments and interpretations adopted in the current year

At the date of authorization of these condensed unaudited interim financial statements, the following new standards, amendments and interpretations to existing standards were required to be and have been adopted by the Company. There was no material impact from adoption of these standards, amendments and interpretations on these condensed unaudited interim financial statements.

IFRS 16 – 'rent concessions amendment' ("IFRS16") originally issued May 2020 was extended by one year. This amendment provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract. Such costs include both the incremental costs of the contract and an allocation of other direct costs incurred on activities required to fulfill the contract. The adoption of this standard had no material impact on the Company.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The adoption of this standard had no material impact on the Company.

3. Summary of significant accounting policies

With the exception of adapting an accounting policy note for cash and cash equivalents (see below), the accounting policies set out in the Company's most recent annual financial statements have been applied consistently to all periods presented in these condensed unaudited interim financial statements. As such, these condensed unaudited interim financial statements should be read in conjunction with the annual financial statements and related note disclosures for the year ended September 30, 2022, except for cash and cash equivalents.

Cash and cash equivalents

The Company considers all short-term, highly liquid investments that are readily convertible to a known amount of cash, with original maturities at their acquisition date of three months or less, to be cash equivalents.

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

4. Cash and cash equivalents

	March 31, 2023	September 30, 2022
	\$	\$
Cash	1,428,826	4,911,423
Short-term investments	2,000,000	-
	<u>3,428,826</u>	<u>4,911,423</u>

5. Accounts receivable

	March 31, 2023	September 30, 2022
	\$	\$
Trade and other receivables	7,909,306	7,841,420
Credit loss allowance – accounts receivable	(158,808)	(276,243)
	<u>7,750,498</u>	<u>7,565,177</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

6. Right-of-use assets and lease liabilities

Information about leases for which the Company is a lessee are presented below:

Right-of-use assets

	For the six months ended March 31, 2023				For the six months ended March 31, 2022			
	Office	Vehicles	IT equipment	Total	Office	Vehicles	IT equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – Beginning of period	700,220	25,889	48,423	774,532	580,882	4,495	23,427	608,804
Additions	1,063,517	-	-	1,063,517	59,467	-	65,000	124,467
Impairment	-	-	-	-	-	-	(17,571)	(17,571)
Amortization	(250,809)	(4,568)	(10,762)	(266,139)	(201,411)	(3,371)	(11,273)	(216,055)
Balance – End of period	<u>1,512,928</u>	<u>21,321</u>	<u>37,661</u>	<u>1,571,910</u>	<u>438,938</u>	<u>1,124</u>	<u>59,583</u>	<u>499,645</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

Lease Liabilities

	<u>For the six months ended March 31, 2023</u>				<u>For the six months ended March 31, 2022</u>			
	<u>Office</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>	<u>Office</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance – Beginning of period	755,699	26,380	49,416	831,495	639,251	4,762	24,462	668,475
Additions	1,063,517	-	-	1,063,517	59,467	-	65,000	124,467
Lease renewals, reassessments and modifications	-	-	-	-	-	-	(18,500)	(18,500)
Interest expense on lease liabilities	49,882	354	1,249	51,485	20,792	48	623	21,463
Payments	(291,834)	(4,849)	(11,706)	(308,389)	(225,104)	(3,464)	(12,154)	(240,722)
Balance at end of Period	<u>1,577,264</u>	<u>21,885</u>	<u>38,959</u>	<u>1,638,108</u>	<u>494,406</u>	<u>1,346</u>	<u>59,431</u>	<u>555,183</u>
Current portion of lease liabilities				<u>445,818</u>				<u>327,935</u>
Non-current portion of lease liabilities				<u>1,192,290</u>				<u>227,248</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

Lease liabilities are discounted using the Company's incremental borrowing rate at the lease commencement date for each lease. As at March 31, 2023, the rates range from 2.99% to 7.2% (2022: 2.99% to 5.95%).

The Company leases buildings for its office spaces across Canada. Lease terms range from one to five years. To provide operational flexibility, the Company seeks to include extension or termination options in its leases. At the commencement of a lease, the Company assesses whether it is reasonably certain it will exercise the lease extension option (or not exercise a termination option). The Company reassesses this when a significant event or significant change in circumstances within the Company's control has occurred.

The Company leases vehicle and office equipment with terms of three to five years. These leases do not usually contain extension options, purchase options, or residual value guarantees. The Company also leases IT equipment and other equipment with terms of one to five years. These leases are generally short-term or for low-value assets that the Company has elected not to recognize in right-of-use assets and lease liabilities.

	For the three months ended		For the six months ended	
	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
Amounts recognized in selling, general and administrative				
Rent expense – variable lease payments	59,885	67,973	117,198	123,651
Expense related to short-term leases	33,855	56,497	80,888	112,532
Expense related to low-value assets	17,240	13,262	34,299	31,753
Income from subleases	(3,500)	(2,961)	(6,000)	(5,422)
	<u>107,480</u>	<u>134,771</u>	<u>226,385</u>	<u>262,514</u>

	For the six months ended	
	March 31, 2023 \$	March 31, 2022 \$
Amounts recognized in the statements of cash flow		
Cash payments for the interest portion of lease liabilities	51,485	21,462
Cash payments for leases not included in the measurement of lease liabilities	<u>226,385</u>	<u>262,513</u>
Cash outflow in operating activities	277,870	283,975
Cash payments for the principal portion of lease liabilities included in financing activities	<u>256,903</u>	<u>219,267</u>
Total cash outflow for leases	<u>534,773</u>	<u>503,242</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

7. Credit facilities

The Company has a \$2,500,000 operating demand loan available to it as a shared limit between its overdraft facility and letters of credit. The Company has a maximum limit of \$500,000 for the issuance of letters of credit.

As at March 31, 2023, the Company had drawn \$nil on its operating demand loan and \$nil in letters of credit (September 30, 2022 – \$nil and \$nil, respectively).

The Company has certain covenants in accordance with its credit facilities. As at March 31, 2023, the Company was in compliance with all its covenants.

The Company also has a corporate credit card facility in the amount of \$250,000. As at March 31, 2023, the Company had utilized \$82,269 (September 30, 2022 – \$92,837) against this facility, which is recorded under trade and other payables in the statements of financial position.

8. Trade and other payables

	March 31, 2023	September 30, 2022
	\$	\$
Trade payables	1,699,660	3,336,901
Salaries and benefits payable	692,535	833,805
Other accrued liabilities and payables	872,345	1,734,364
	<u>3,264,540</u>	<u>5,905,070</u>

9. Long-term debt

	March 31, 2023	September 30, 2022
	\$	\$
Term loan, bearing interest at 3.28%	1,074,298	1,321,410
Less: Current portion	506,531	498,303
	<u>567,767</u>	<u>823,107</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

On April 20, 2021, the Company entered into a letter of agreement with its bank for a \$2.0 million term loan. The term loan has a closed four-year term and carries an interest rate of 3.28% per annum with monthly blended payments of \$44,517 commencing May 31, 2021. This term loan matures April 30, 2025, is carried at amortized cost and is subject to the same covenants as the Company's credit facilities. As at March 31, 2023, the Company was in compliance with all its covenants.

10. Shareholders' equity

Share-based compensation

The fair value of options vested is recognized as compensation cost.

During the six months ended March 31, 2023, the Company recognized \$175,772 (2022 – \$9,280) in share-based compensation expense and no stock options were exercised (2022 - 500,000 options were exercised with an exercise price of \$0.24, a market price of \$0.72, and total proceeds of \$120,000).

During the six months ended March 31, 2023, the Company granted options for 98,000 (2022 – 120,000) common shares of which 30,000 were to a Board member in connection with the Company's Board compensation policy. Of the options granted, 30,000 vest over one year and 68,000 vest over three years. All have a term of five years. The weighted average exercise price of the options is \$0.41 (2022 - \$0.60).

11. Income tax

The following shows the components of income tax expense:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$
Current tax expense	22,798	90,874	151,812	129,624
Deferred tax expense (recovery)	32,110	(31,235)	201,932	124,705
	<u>54,908</u>	<u>59,639</u>	<u>353,744</u>	<u>254,329</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

12. Other expense items by nature

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
Personnel	3,941,208	3,909,277	7,702,124	7,310,317
Direct project expenses	2,557,677	3,007,601	7,509,997	5,822,702
Depreciation and amortization	161,472	121,414	305,217	254,283
Other operating expense	597,655	827,492	1,442,593	1,515,196
	<u>7,258,012</u>	<u>7,865,784</u>	<u>16,959,931</u>	<u>14,902,498</u>
Reported as:				
Cost of sales	5,869,515	6,412,005	14,018,532	12,183,344
Selling, general and administrative	1,388,497	1,453,779	2,941,399	2,719,154
	<u>7,258,012</u>	<u>7,865,784</u>	<u>16,959,931</u>	<u>14,902,498</u>
Finance costs				
Interest on term and bank loans	9,488	13,486	19,988	27,951
Interest on leases	27,857	4,229	51,485	17,569
Bank charges	3,658	3,526	7,601	7,178
Other finance charges	(19,863)	2,664	(36,475)	3,857
	<u>21,140</u>	<u>23,905</u>	<u>42,599</u>	<u>56,555</u>

13. Weighted average shares outstanding

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$
Issued common shares	29,435,695	29,395,695	29,435,695	29,395,695
Weighted average number of basic common shares	29,435,695	29,395,695	29,435,695	29,310,530
Effect of share options on issuance	3,740	47,843	-	104,315
Weighted average number of diluted common shares	<u>29,439,435</u>	<u>29,443,538</u>	<u>29,435,695</u>	<u>29,414,845</u>

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

Options that were anti-dilutive are not included in the computation of diluted common shares. For the three and six months ended March 31, 2023, 2,721,000 and 2,781,000 options were excluded from the calculation because they were anti-dilutive (2022 – 120,000 and 120,000 respectively).

14. Segmented disclosure

The Company provides comprehensive solution-based products and services in the fields of environmental geosciences and engineering, industrial hygiene, occupational health and safety, water and wastewater treatment and environmental management predominately in Canada.

The Company operates under one operating and reportable segment due to the integration between technical disciplines required to serve its customers.

The chief operating decision maker is (collectively) the Chief Executive Officer, the Chief Financial Officer and the Board of Directors. Performance is evaluated by the chief operating decision maker based on gross margin and is measured consistently with gross margin in the financial statements.

Geographical information

The Company operates principally in Canada (country of domicile). Sales reported by customer location based on origin of purchase (i.e., country of domicile of contracting party) are as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$
Canada	7,413,895	8,213,772	17,844,911	16,006,311
Other countries	-	-	47,099	23,715
	<u>7,413,895</u>	<u>8,213,772</u>	<u>17,892,010</u>	<u>16,030,026</u>

For the six months ended March 31, 2023, approximately 13% of revenue was derived from one customer (2022 – 45% derived from three customers).

The Company does not currently, or in the ordinary course of business, hold non-current assets outside of its country of domicile (Canada).

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

15. Revenue

Disaggregation of revenue

Revenue is disaggregated by customer sector and contract type, since it best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue from contracts with customers is disaggregated as follows:

	For the three months ended		
	March 31, 2023		
	\$		
	Fixed price	Time and	Total
	\$	materials	\$
	\$	\$	\$
Commercial and industrial	860,315	1,845,335	2,705,650
Government	511,610	1,270,741	1,782,351
Military	1,178,454	657,719	1,836,173
Mining	263,340	826,471	1,089,811
	2,813,719	4,600,266	7,413,985
			March 31, 2022
			\$
	Fixed price	Time and	Total
	\$	materials	\$
	\$	\$	\$
Commercial and industrial	720,167	2,257,158	2,977,325
Government	666,383	1,333,094	1,999,477
Military	787,881	1,694,394	2,482,275
Mining	80,370	674,325	754,695
	2,254,801	5,958,971	8,213,772

BluMetric Environmental Inc.
Notes to Condensed Unaudited Interim Financial Statements
For the three and six months ended March 31, 2023 and 2022

(expressed in Canadian dollars)

16. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors, during the period was as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	\$	\$	\$	\$
Salaries	456,950	469,619	714,631	708,869
Short-term benefits	20,243	24,720	49,635	48,641
Share-based compensation	48,389	4,581	94,622	9,280
	<u>525,582</u>	<u>498,920</u>	<u>858,888</u>	<u>766,790</u>

17. Liquidity risk

Liquidity risk is the risk the Company may not be able to meet its financial obligations as they come due. The Company currently settles all of its financial obligations out of cash and its operating demand loan facility. The ability to do so relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

As at March 31, 2023, the Company had the following balances available on its credit facilities: operating demand loan – \$2,500,000; and credit card facility – \$167,731.

As at March 31, 2023, the Company had approximately \$6.1 million in availability between its operating line and cash balances.