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These securities have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States or for the account or benefit of U.S. persons or persons in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Offering document does not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States. “United States” and “U.S. person” have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

Offering Document under the Listed Issuer Financing Exemption

June 26, 2023

VERSES

VERSES AI INC.
(the “Company” or “VERSES”)

PART 1 **SUMMARY OF OFFERING**

What are we offering?

Offering:	<p>Up to [·] units (the “Units”) of the Company at an issue price of \$[·] (the “Issue Price”) per Unit, for gross proceeds of up to \$10,000,000 (the “Offering”). Each Unit shall be comprised of one Class A Subordinate Voting share of the Company (a “Unit Share”) and one-half of one Class A Subordinate Voting share purchase warrant (each whole warrant, a “Warrant”). Each whole Warrant will be exercisable into one Class A Subordinate Voting share of the Company (a “Warrant Share”) at a price of \$[·] per Warrant Share, subject to adjustment in certain circumstances, for a period of 36 months from the Closing Date (as defined below).</p> <p>If at any time following the Closing Date, the daily volume weighted average trading price of the Class A Subordinate Voting shares (the “Class A Shares”) on the NEO Exchange (the “Exchange”) is greater than \$[·] per share for the preceding 10 consecutive trading days, the Company shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 trading days following the date of written notice to Warrant holders of such acceleration.</p> <p>The Warrants will be issued pursuant to the terms of a warrant indenture to be entered into between the Company and a warrant trustee.</p>
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Offering Price:	\$[·] per Unit.
Closing Date:	On or about July [4], 2023 (the “Closing Date”), or such earlier or later date as may be agreed upon by the Company and the Co-Lead Agents (as defined below). The Offering is not anticipated to close in tranches.
Exchange:	The Class A Shares are listed on the Exchange under the trading symbol “VERS” and on the OTCQX under the trading symbol “VRSSF”.
Last Closing Price:	The closing price of the Class A Shares on the Exchange on June 23, 2023, being the most recent trading day before the date of this offering document, was \$2.00.

All references to "\$" in this offering document are to Canadian dollars.

VERSES AI Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this offering, the Company represents the following is true:

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$10,000,000.**
- **The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.**

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact, information contained herein constitutes “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States securities legislation. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “planned”, “expect”, “project”, “predict”, “potential”, “estimate”, “targeting”, “intends”, “believe”, and similar expressions, or describes a “goal”, or variation of such words and phrases or states that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information and forward-looking statements herein include, but are not limited to, those relating to: the Company’s expectations with respect to the terms of the Offering, the securities issued thereunder and the compensation payable and issuable in connection therewith, the entry of the Company into a warrant indenture in connection with the Offering, the use of proceeds and the use of the available funds following completion of the Offering; the completion of the Offering and the expected Closing Date; the Company’s ability to continue as a going concern; the Company’s expectations with respect to the beta testing and release timelines for its IEEE Spatial Web (defined below) protocol development, KOSM operating system (defined below), GIA platform, active inference technologies and Wayfinder; and the Company’s going-forward strategy.

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made. Such factors and assumptions may include, but are not limited to: the Company's ability to close the Offering on the terms disclosed herein, or at all; currency exchange rates and interest rates; favourable operating conditions, political stability, timely receipt of governmental approvals, licences and permits (and renewals thereof); access to necessary financing; stability of labour markets and market conditions in general; availability of equipment; estimates of costs and expenditures to complete the Company's programs and goals; the Company's ability to raise sufficient capital to fund planned growth strategies and maintain corporate capacity; stability in financial and capital markets; there being no significant disruptions affecting the development and operation of the Company's projects; the ability of the Company to anticipate future needs of clients and partners; the ability of the Company to maintain sufficient and effective research and development capabilities; and the continued adoption and acceptance of the Spatial Web.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, and without limitation: the Company may not be able to close the Offering on the terms disclosed herein, or at all; the Company may be unable to obtain the substantial funds required to continue its operations; the Company may fail to obtain required permits and licenses which could adversely impact the Company's operations and profitability; the market of the Class A Shares is subject to volume and price volatility which could negatively affect a shareholder's ability to buy or sell the Class A Shares; the loss of key personnel could adversely affect the Company's operations; risks related to the Company's reliance on strategic partnerships; the Company's dependence on customer internet access; rapid technological change affecting the Company's industry and competitive positioning; the Company may be unable to successfully identify suitable acquisition candidates and partners, negotiate acceptable terms or integrate their operations with the Company's operations; the Company may be unable to protect its information systems or prevent cyber-attacks and security breaches; the Company may be subject to a variety of civil or other legal proceedings, which may adversely affect its business, operating results or financial condition; the Company may be unable to continue as a going concern; the Company is subject to general global risks arising from epidemic diseases, the ongoing war in Ukraine, rising inflation and interest rates and the impact they will have on the Company's operations, supply chains, contractors and other personnel on a timely basis or at all is uncertain; as well as other risk factors in the Company's other public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, performance, or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. The Company undertakes no duty to update any of the forward-looking information to conform such information to actual results or to changes in the Company's expectations, except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information. The forward-looking information contained in this offering document is expressly qualified by this cautionary statement.

PART 2

SUMMARY DESCRIPTION OF BUSINESS

What is our business?

VERSES is a cognitive computing company specializing in next generation artificial intelligence (“AI”) software. The Company has developed what it believes to be the first network operating system for distributed intelligence, KOSM™ Operating System (“KOSM”), along with software powered by KOSM.

Similar to an operating system like Windows or iOS that manages the resources – input, output, storage, compute, bandwidth – on a single device, KOSM is a network operating system for managing any resource on a unified network of hardware and software systems.

KOSM continuously maps streaming data from sensors in the real world along with historical data from various sources into a unified context (HSML (as defined below) knowledge graph) upon which it can search, simulate, recommend, and execute requests based on user preferences and objectives. Each instance of KOSM is effectively a “digital brain”, a KOSM agent, that can intermediate with other agents. KOSM leverages HSML’s ability, by design, to provide a pathway to substantially greater context in combination with the computational cognition that active inference affords to become a universal distributed “context processing engine”.

KOSM’s core value proposition is providing interoperability, accountability, and transparency between hardware and software systems, while greatly improving privacy and security, in order to foster a global network of shared context, the benefit of which is greater mutual understanding and better and faster decision making for both humans and machines. Provided that a user has the proper credentials and that the relevant data is published to the network, a user’s agent will be able to easily or automatically identify any person, place, or thing, and anything (or only certain things pending credentials) about them such as location, condition, age, cost, provenance etc.

The Company’s business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, governance-based network of humans, machines and AI. VERSES’ core platform, KOSM, is a network operating system that streamlines development and deployment of autonomous applications on the Spatial Web. The Company’s ambition is to build tools that enable the Spatial Web to become the leader in the growing AI sector.

VERSES’ approach to AI, inspired by recent breakthroughs in neuroscience, namely the field of research known as active inference, is based on encoding knowledge and rules in a format that software agents can process to infer “causality” and the hidden states that generate observed data. In learning about the world, humans develop mental models trained through teaching and educating, whereby the learning process transforms information into a format amenable to modeling the cause-effect relationships underpinning the perceived data or content. Similar to how humans acquire mental models, VERSES’ approach to AI allows agents to develop accurate beliefs about the cause-effect dynamics and update these beliefs by testing them through interaction and evaluating outcomes. VERSES’ invention entails the missing element of “teaching” or “transforming” raw data into a format that drives the learning of agents’ mental models. Causal modeling is a form of understanding and reasoning that leads to increasingly more accurate predictions, decisions, and the ability to learn and adapt to new tasks and conditions not present in their input data. VERSES’ network operating system, KOSM, is an implementation of the active inference framework.

In addition to the Company’s unique approach to intelligence, it believes it addresses a fundamental problem in computing which is that the data in every software system (a single app or a suite of apps used by an organization) is incomplete (partial), and its data structures are heterogeneous and generally incompatible with other systems. Efforts to make systems interoperate result in bespoke integrations that are expensive, complex, and fragile.

VERSES developed a Hyper Spatial Modeling Language (“**HSML**”) to represent the interrelationships and interdependencies between any person, place, thing, or activity as a contextualized graph structure. Transforming any raw data into HSML enables data interoperability between systems. Interoperability leads to availability of more context and in turn greater understanding and consequently better decision making. VERSES, in collaboration with the world’s largest standards development association (“**IEEE**”), are formalizing HSML as a global specification. IEEE is responsible for standards such as WiFi and Bluetooth and has designated the Spatial Web specifications a “public imperative” which is exclusively reserved for humanitarian projects such as nuclear energy, power grids, and voting machines.

Recent developments

There are no material recent developments in respect of the Company that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

Of note, certain recent developments relating to the Company’s business include:

- On June 23, 2023, the Company announced the listing of its Class A Shares on the Cboe UK and Cboe Netherlands.
- On June 22, 2023, the Company announced the appointment of Darin Hunker as its Director of Engineering.
- On March 31, 2023, the Company announced the closing of the final tranche of a private placement of convertible debenture units with detachable warrants for aggregate gross proceeds of \$7,504,845.30.
- On March 31, 2023, the Company announced a change of name from VERSES Technologies Inc. to VERSES AI Inc.
- On January 23, 2023, the Company announced a listing of an aggregate of 18,100,714 Class A Share purchase warrants on the Exchange.

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document and the date the Company’s most recent audited annual financial statements were filed.

What are the business objectives that we expect to accomplish using the available funds?

The Company intends to use the net proceeds from the Offering for general working capital purposes and the continued development of the Spatial Web. The Company anticipates completing the following to achieve such objectives:

Event	Anticipated Timeline	Anticipated Cost¹
Finalizing and adopting the Spatial Web Protocols	Q4 2024	\$1,225,000
Developing the KOSM Spatial Web operating system and related application	Q1 2024	\$6,650,000

Improving the Company's Wayfinder application, and its related agents	Q4 2023	\$1,925,000
Strengthening the Company's reseller program, including the continued development of practical applications, promoting client engagement, and refining product offerings	Q2 2024	\$3,850,000

Notes:

(1) Assuming 100% of the Offering.

PART 3 USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

The expected total available funds to the Company following completion of the Offering is estimated to be up to \$14,595,000.

		Assuming 100% of Offering
A	Amount to be raised by this offering	\$10,000,000
B	Selling commissions and fees	\$700,000 ⁽¹⁾
C	Estimated offering costs (e.g., legal, accounting, audit)	\$70,000
D	Net proceeds of offering: $D = A - (B+C)$	\$9,230,000
E	Working capital as at most recent month end (June 21, 2023)	\$2,575,000
F	Additional sources of funding	\$2,790,000 ⁽²⁾
G	Total available funds: $G = D+E+F$	\$14,595,000

Notes:

- (1) Assumes no President's List (as defined below) participation.
- (2) Concurrent with closing of the Offering, the Company anticipates closing a concurrent private placement offering of special warrants of the Company, each exercisable into one Unit, for aggregate gross proceeds of up to \$3,000,000 and net proceeds of up to \$2,790,000 (Assumes no President's List participation), such special warrants to be issued in reliance on prospectus exemptions requiring a four-month hold period.

How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming 100% of Offering
Development and further adoption of Spatial Web Protocols	\$820,000
Developing KOSM spatial web operating system and selected applications (GIA)	\$4,455,000

Sales and marketing for customer acquisition, branding, and public relations	\$2,580,000
Research and development of active inference and deep learning models	\$1,290,000
Investor relations	\$700,000
General and administrative	\$3,290,500
Unallocated working capital	\$1,459,500
Total	\$14,595,000

The Company has allocated more than 10% of its available funds for research and development of its products and services, including but not limited to: IEEE Spatial Web protocol development; KOSM operating system; GIA platform; active inference technologies; and Wayfinder, along with its related agents. These services are in the beta testing phase for the next 6 to 9 months and the Company anticipates that these services will be released to the public within the next 12 to 18 months. For additional details regarding the specific events and anticipated costs required to achieve these timelines, please refer to the section titled “*What are the business objectives that we expect to accomplish using the available funds?*” in Part 2 above. The Company also regularly releases additional applications in its Wayfinder suite. The Company predominantly conducts its own research and development, and subcontracts various aspects, as required, to expedite milestone achievements.

The above noted allocation of capital and anticipated timing represents the Company’s current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to spend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company’s ability to execute on its business plan. See the “*Cautionary Statement Regarding Forward-Looking Information*” section above.

The most recent audited annual financial statements and interim financial report of the Company included a going-concern note. The Company is still primarily in the research and development stage and the Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to achieve the business objectives set out herein, and is not expected to affect the decision to include a going-concern note in the next annual financial statements of the Company.

How have we used the other funds we have raised in the past 12 months?

Previous financing	Intended use of funds	Use of funds to June 26, 2023
\$14,957,030 August 2022 private placement ⁽¹⁾	General working capital purposes.	\$14,957,030 used for general working capital purposes.
\$7,504,845 March 2023 private placement ⁽²⁾	General working capital purposes.	\$7,504,845 used for general working capital purposes.

Notes:

- (1) Non-brokered private placement of units of the Company for gross proceeds of \$14,957,030 announced in the Company's news releases dated August 10, 2022, August 11, 2022, August 18, 2022 and August 29, 2022.
- (2) Non-brokered private placement of units of unsecured convertible debenture units of the Company for gross proceeds of \$7,504,845 announced in the Company's news releases dated February 27, 2023, March 1, 2023, March 22, 2023 and March 31, 2023.

PART 4 FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?

Dealers:	Canaccord Genuity Corp. and ATB Capital Markets Inc. (the "Co-Lead Agents")
Compensation Type:	Cash Fee, Compensation Warrants, Co-Lead Agent Corporate Finance Fee and TriView Corporate Finance Fee or Corporate Finance Shares (each as defined herein).
Cash Commission:	The Company will pay to the Co-Lead Agents a cash fee equal to 7.0% (2.0% in respect of the sales to certain purchasers comprising a "president's list" (the "President's List")) of the gross proceeds of the Offering (the "Cash Fee"). The Company may also pay certain finders a cash fee equal to 5.0% of the gross proceeds in respect of sales to purchasers comprising the President's List. Assuming the Offering is fully subscribed and no President's List participation, the estimated amount of the Cash Fee is \$700,000.
Compensation Warrants:	The Company will issue the Co-Lead Agents such number of compensation warrants (each a "Broker Warrant") equal to 7.0% of the number of Units sold pursuant to the Offering (2.0% in respect of the President's List). Each Compensation Warrant shall entitle the holder thereof to acquire one Unit at a price of \$[·] for a period of 36 months from the Closing Date. The Company may also issue to certain finders such number of Broker Warrants as is equal to 5.0% of the of the number of Units sold to purchasers comprising the President's List. Assuming the Offering is fully subscribed and no President's List participation, the estimated number of Compensation Warrants is 700,000.
Corporate Finance Fees:	<p>The Company will pay to the Co-Lead Agents a corporate finance fee of \$100,000 in cash (the "Co-Lead Agent Corporate Finance Fee").</p> <p>The Company will also pay to TriView Capital Ltd. ("TriView") a corporate finance fee (the "TriView Corporate Finance Fee") as follows: (a) a cash fee equal to 1.0% of the gross proceeds of the Offering; and (b) at the election of the Company, an additional cash fee equal to 1.0% of the gross proceeds of the Offering or issue to TriView such number of Class A Shares as is equal to 1.0% of the number of Units sold pursuant to the Offering at a deemed price per share equal to the Issue Price (the "Corporate Finance Shares"). Assuming the Offering is fully subscribed, the estimated amount of the TriView</p>

	Corporate Finance Fee shall be either: (a) \$200,000; or (b) \$100,000 and 100,000 Corporate Finance Shares, subject to the election of the Company.
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Do the Co-Lead Agents have a conflict of interest?

To the knowledge of the Company, it is not a “related issuer” or “connected issuer” of or to the Co-Lead Agents, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*.

**PART 5
PURCHASERS’ RIGHTS**

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this offering document, you have a right:

- (a) to rescind your purchase of these securities with the Company, or**
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.**

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

**PART 6
ADDITIONAL INFORMATION**

Where can you find more information about us?

Security holders can access the Company’s continuous disclosure filings on SEDAR at www.sedar.com under the Company’s profile.

For further information regarding the Company, visit our website at: <https://www.verses.ai/>

Investors should read this offering document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of Units.

PART 7
CERTIFICATE OF THE COMPANY

This offering document, together with any document filed under Canadian securities legislation on or after June 26, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

June 26, 2023

(signed) "*Gabriel Rene*"

Gabriel Rene

Chief Executive Officer and Director

(signed) "*Kevin Wilson*"

Kevin Wilson

Chief Financial Officer