HELLO PAL INTERNATIONAL INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2022 AND 2021
(Expressed in Canadian Dollars)

Mao & Ying LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Hello Pal International Inc.**

Opinion

We have audited the consolidated financial statements of Hello Pal International Inc. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2022 and February 28, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2022 and February 29, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significate doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Shaohua Huang.

Mao & Ying LLP

Vancouver, Canada
June 19, 2023

Chartered Professional Accountants

HELLO PAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	February 28 2022 $	February 28, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		2,194,137	1,415,013
Cryptocurrency	**5**	402,090	18,478
Receivables	**6**	705,245	2,078,996
Prepaid expenses		514,402	506,306
Due from related parties	**12**	274,644	47,450
		4,090,518	4,066,243
Property and equipment	**7**	114,007	168,068
Investment in associate	**10**	273,101	-
Mining assets	**8**	11,063,814	-
Software application	**9**	2,155,667	2,615,708
Total assets		17,697,107	6,850,019
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**11, 19**	4,925,195	2,600,070
Due to related parties	**12**	221,508	773,727
Lease obligations – short-term	**14**	8,864	43,626
Loan payable	**15**	-	10,000
		5,155,567	3,427,423
Deferred tax liability	**24**	310,175	-
Lease obligations	**14**	-	8,864
Convertible notes – liability component	**16**	89,485	143,082
		5,555,227	3,579,369
SHAREHOLDERS' EQUITY			
Share capital	**17**	28,174,252	18,883,542
Subscription receivable	**17**	-	(300,000)
Shares to be issued	**18**	2,025,000	2,025,000
Contributed surplus	**17**	4,980,752	2,566,359
Convertible notes – equity component	**16**	10,152	16,912
Accumulated other comprehensive (loss) income		(32,516)	47,900
Deficit		(27,581,599)	(19,969,063)
Total equity attributable to shareholders of the Company		7,576,041	3,270,650
Attributable to non-controlling interest		4,565,839	-
		12,141,880	3,270,650
Total liabilities and shareholders' equity		17,697,107	6,850,019

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on June 15, 2023

"Gunther Roehlig" Director   **"Kean Li Wong"** Director

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

HELLO PAL INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended February 28, 2022 and 2021

(Expressed in Canadian Dollars)

	Note	2022 $	2021 $
LIVE STREAMING REVENUE		36,471,718	21,290,903
COST OF REVENUE, EXCLUDING DEPRECICATION AND AMORTIZATION	**25**	34,271,148	18,967,719
		2,200,570	2,323,184
CRYPTOCURRENCY MINING REVENUE	**19**	2,983,693	18,478
COST OF REVENUE, EXCLUDING DEPRECICATION AND AMORTIZATION	**25**	1,059,571	-
		1,924,122	18,478
ADMINISTRATIVE EXPENSES			
Accounting and audit		174,061	123,193
Accretion	**16**	4,122	90,984
Bad debt expense		54,612	42,038
Bitcoin liability revaluation unrealized (gain) loss	**12**	(7,198)	90,505
Depreciation and amortization	**7, 8, 9**	1,706,863	590,215
Foreign exchange (gain) loss		(75,500)	1,833
Interest expense	**12, 13, 16**	113,897	99,897
Management and consulting fees	**19**	205,307	211,113
Marketing		2,506,373	707,794
Legal		95,280	42,628
Office and miscellaneous		764,820	739,618
Transfer agent and filing fees		70,643	39,675
Salaries and benefits		1,056,133	722,413
Share-based payments	**17, 18, 19**	2,214,029	2,361,932
Shareholder communications		398,597	37,288
Software application costs		7,319	5,468
Total Expenses		(9,289,358)	(5,906,594)
LOSS BEFORE OTHER INCOME (EXPENSE)		(5,164,666)	(3,564,932)
OTHER INCOME (EXPENSE)			
Gain on disposal of mining assets		750,460	-
Share of loss in equity accounted investee		(26,899)	-
LOSS BEFORE INCOME TAXES		(4,441,105)	(3,564,932)
Current income tax expense		(1,888,029)	(1,345,273)
Deferred income tax expense	**24**	(310,175)	-
LOSS FOR THE YEAR		(6,639,309)	(4,910,205)
OTHER COMPREHENSIVE (LOSS) INCOME			
Digital currency revaluation		12,269	-
Exchange differences on translation of foreign operations		(103,014)	37,058
COMPREHENSIVE LOSS FOR THE YEAR		(6,730,054)	(4,873,147)
LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(7,612,536)	(4,910,205)
Non-controlling interest		973,227	-
		(6,639,309)	(4,910,205)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(7,692,952)	(4,873,147)
Non-controlling interest		962,898	-
		(6,730,054)	(4,873,147)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.04)	(0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		163,657,971	109,849,050

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

HELLO PAL INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

(Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital $	Shares to be issued $	Contributed Surplus $	Convertible Notes – Equity Component $	AOCI $	Deficit $	NCI $	Total $
Balance, February 29, 2020	**72,985,091**	**9,407,317**	**2,078,700**	**2,580,192**	**95,513**	**10,842**	**(15,058,858)**	**-**	**(886,294)**
Issuance of common shares pursuant to private placement (Note 17)	23,326,431	3,599,586	-	-	-	-	-	-	3,599,586
Share issue costs	-	(20,108)	-	-	-	-	-	-	(20,108)
Subscription receivable (Note 17)	-	(300,000)	-	-	-	-	-	-	(300,000)
Issuance of common shares pursuant to debt settlement (Note 17)	17,130,438	1,027,822	-	-	-	-	-	-	1,027,822
Issuance of common shares pursuant to conversion of convertible notes (Note 16)	15,378,842	1,044,190	-	-	(78,601)	-	-	-	965,589
Issuance of common shares pursuant to Vortex agreement (Note 18)	23,940,000	3,591,000	(2,078,700)	(1,050,300)	-	-	-	-	462,000
Issuance of common shares for exercise of options	693,500	195,235	-	(103,040)	-	-	-	-	92,195
Issuance of common shares for exercise of warrants	334,782	38,500	-	-	-	-	-	-	38,500
Share-based payments (Notes 17,18)	-	-	-	1,139,507	-	-	-	-	1,139,507
Contingent share consideration (Note 18)	-	-	2,025,000	-	-	-	-	-	2,025,000
Net loss	-	-	-	-	-	-	(4,910,205)	-	(4,910,205)
Other comprehensive loss	-	-	-	-	-	37,058	-	-	37,058
Balance, February 28, 2021	**153,789,084**	**18,583,542**	**2,025,000**	**2,566,359**	**16,912**	**47,900**	**(19,969,063)**	**-**	**3,270,650**
Issuance of common shares pursuant to Offering (Note 17)	5,800,000	7,134,000	-	116,000	-	-	-	-	7,250,000
Share issued to Agent	80,000	100,000	-	-	-	-	-	-	100,000
Share issue costs	-	(1,418,562)	-	379,898	-	-	-	-	(1,038,664)
Subscription receivable (Note 17)	-	300,000	-	(300,000)					
Issuance of common shares pursuant to conversion of convertible notes (Note 16)	442,364	64,479	-	-	(6,760)	-	-	-	57,719
Issuance of common shares pursuant to acquisition of Crypto Pal (Note 8)	1,800,000	2,214,000	-	36,000	-	-	-	3,602,941	5,852,941
Issuance of shares for services	200,000	134,000	-	-	-	-	-	-	134,000
Issuance of common shares for exercise of options	366,150	68,149	-	(31,534)	-	-	-	-	36,615
Issuance of common shares for exercise of warrants	4,176,025	994,644	-	-	-	-	-	-	994,644
Share-based payments (Note 17)	-	-	-	2,214,029	-	-	-	-	2,214,029
Net loss	-	-	-	-	-	-	(7,612,536)	973,227	(6,639,309)
Other comprehensive loss	-	-	-	-	-	(80,416)	-	(10,329)	(90,745)
Balance, February 28, 2022	**166,653,623**	**28,174,252**	**2,025,000**	**4,980,752**	**10,152**	**(32,516)**	**(27,581,599)**	**4,565,839**	**12,141,880**

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

HELLO PAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended February 28, 2022 and 2021
(Expressed in Canadian Dollars)

	2022 $	2021 $
Operating activities:		
Net loss for the year	(6,639,309)	(4,910,205)
Items not involving cash:		
Deferred income taxes	310,175	-
Depreciation and amortization	1,706,863	590,215
Bitcoin revaluation (gain) loss	(7,198)	90,505
Accretion	4,122	90,984
Accrued interest	8,832	82,321
Digital assets mined	(2,983,693)	(18,478)
Services paid by digital assets	1,055,081	-
Loss on disposition of digital assets	(33,284)	-
Shares issued for services	134,000	-
Share of loss in equity accounted investee	26,899	-
Gain on disposal of mining assets	(750,460)	-
Share-based payments	2,214,029	2,361,932
	(4,953,943)	(1,712,726)
Changes in non-cash working capital related to operations:		
Receivables	1,598,297	(834,843)
Prepaid expenses	(8,096)	(488,948)
Accounts payable and accrued liabilities	2,280,432	2,357,465
Net cash provided by (used in) operating activities	(1,083,310)	(679,052)
Investing activities:		
Investment in associate	(300,000)	-
Purchase of property and equipment	(26,220)	(142,548)
Acquisition of Mining Assets	(3,401,551)	-
Acquisition and development costs of software application	(353,693)	(198,210)
Net cash used in investing activities	(4,081,464)	(340,758)
Financing activities:		
Proceeds from issuance of shares	6,311,336	2,079,478
Proceeds from exercise of stock options	36,615	92,195
Proceeds from exercise of warrants	994,644	38,500
(Repayments to) financing received from related parties	(772,484)	98,896
(Repayment of) proceeds from loan payable	(10,000)	10,000
Lease payments	(46,066)	(36,456)
Contingent share consideration	-	57,630
Net cash provided by financing activities	6,514,045	2,340,243
Increase in cash during the year	1,349,271	1,320,433
Effect of exchange rate changes on cash	(570,147)	11,361
Cash – beginning of the year	1,415,013	83,219
Cash – end of the year	2,194,137	1,415,013
Income taxes paid in cash	-	-
Interest paid in cash	-	-

Non-Cash Transactions (Note 20)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Hello Pal International Inc. ("the Company") was incorporated under the Company Act of British Columbia on October 2, 1986. The Company is a provider of rapidly growing international live-streaming, language learning and social-crypto platform (the "HPI Platform") (Note 9). The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "HP" and quoted on the OTCQB Venture Marketplace under the symbol "HLLPF". The Company's registered and corporate head office is located at 200 - 550 Denman Street, Vancouver, BC, Canada.

These consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. Such adjustments could be material.

As at February 28, 2022, the Company had an accumulated deficit of $27,581,599 and had not yet achieved profitable operations. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the war in the Ukraine to the business to be limited, the indirect impacts on the economy could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These factors may cast significant doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate positive cash flows from operations, obtain the necessary financing to meet its ongoing levels of corporate overhead, required product maintenance and development costs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no guarantee that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention.

These consolidated financial statements were approved by the board of directors for issue on June 15, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its two wholly-owned subsidiaries, Hello Pal Asia Limited, incorporated on May 6, 2016 in Hong Kong SAR, China, and Hangzhou Hello Pal River Technology Limited ("HZHP River"), incorporated on April 25, 2017 in China. The Company also owns 51% of Crypto Pal Technology Ltd. ("Crypto Pal"), acquired on May 25, 2021. In addition, the Company consolidates the accounts and operations of Hangzhou Hello Pal Technology Limited ("HZHYB") and Chongqing Hello Pal Technology Limited ("CQHP"), two private companies incorporated in China. Although the Company does not have direct ownership in HZHYB and CQHP, the Company has the right to obtain the majority of the benefits and is exposed to the risks of the activities of these two entities and therefore has the effective control over these two entities.

Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. These entities are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

The Company's subsidiary, HZHP River, has entered into certain contractual arrangements with CQHP and its shareholders. These contractual arrangements allow the Company to effectively govern and administer the business operations and affairs of CQHP, including entitlements to the economic benefits. As a result of these contractual arrangements, the Company is considered the primary beneficiary of CQHP and therefore consolidates 100% of CQHP's operations in its consolidated financial statements.

The contractual arrangements entered into with CQHP include a Management Entrustment Agreement, Exclusive Business Cooperation Agreement, Exclusive Purchase Agreement and Equity Pledge Agreement. Pursuant to these agreements, CQHP entrusts HZHP River to manage all operations and control all of CQHP's assets and has appointed HZHP River as its exclusive service provider for all forms of business support, technical services and consultancy services. In addition, during the term of the 20-year agreements, which are extendable at the sole discretion of HZHP River, HZHP River owns rights and interests over all intellectual property and assumes the total revenue rights and all operational risks and losses of CQHP. In addition, HZHP River has an unretractable option to purchase all equity of CQHP for a nominal purchase price, and the shareholders of CQHP have pledged 100% of their equity interest in CQHP as collateral to indemnify against any debts or liabilities that may be accrued by CQHP.

During the year ended February 28, 2021, 100% of the Company's revenue were generated through CQHP. During the year ended February 28, 2022, the Company started generating income from cryptocurrency mining through Crypto Pal. HZHP does not have material operations for the years ended February 28, 2022 and 2021.

b) Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional and presentation currency of the Company is the Canadian dollar, while the functional currency of Hello Pal Asia Limited is the Hong Kong dollar ("HKD"), the functional currency of HZHP River, HZHYB and CQHP is the Chinese Renminbi ("RMB"), and the functional currency of Crypto Pal is the US dollar, as they are the currencies of the primary economic environments in which the companies operate.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) as cumulative translation differences.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive loss related to the subsidiary are reallocated between controlling and non-controlling interests.

c) Financial instruments

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms of less than three months at acquisition.

e) Equipment

Equipment includes furniture, equipment and leasehold improvement, which is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures directly attributable to bringing the asset to its operating location and condition necessary for it to be capable of operating in the intended manner.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of equipment.

Depreciation is based on the cost of the assets less estimated residual value and the expected useful life. Where an item of equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use and is recorded until an asset is disposed of or otherwise removed from services. Depreciation is recorded on a declining-balance basis at the annual rate of 30% for equipment, furniture and leasehold improvement. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

f) Software application

Software application comprises software acquired and internally developed software.

Software application assets acquired separately are measured on initial recognition at cost. Following initial recognition, software application assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of software application assets are assessed as finite.

Software application development costs are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs capitalized are those associated with the Hello Pal, Travel Pal, Language Pal and Live Streaming Service applications. Costs associated with major enhancements providing new capability to the applications are also capitalized provided they can be reliably measured. Development costs incurred during the research phase of an internal project are expensed in the period in which they are incurred.

Costs associated with maintaining these intangible assets such as minor updates and repairs are expensed as incurred.

Amortization of software application assets begins when development is complete and the assets are available for use. Amortization is recorded on a straight-line basis over its estimated finite useful life of four to five years. During the period of development, the capitalized development costs are tested for impairment annually. The useful life or amortization method for software application costs is reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on software application assets is recognized in the statement of profit or loss. The estimated useful life of the software application is five years.

Software application assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on disposal of the assets, determined as the difference between the net disposal proceeds and the carrying amount of the assets, is recognized in profit or loss.

g) Impairment of non-financial assets

The Company performs impairment tests on its non-financial assets when events or circumstances occur which indicate the assets may not be recoverable. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units, or "CGU"s). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

h) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

i) Share capital

Common shares and warrants are classified as equity instruments. Transaction costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity.

Warrants included in units offered to subscribers as part of corporate financings are bifurcated based on the residual approach, whereby the cash proceeds are allocated first to the share capital with the balance to warrants and presented in contributed surplus in shareholders' equity.

Warrants issued to agents or brokers on a non-cash basis in connection with corporate financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to contributed surplus.

j) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

k) Revenue recognition

The Company generates revenue from sales of virtual items on the live streaming platform. Users can access the platform and view the live streaming content and interact with the broadcasters for free. The Company designs, creates and offers various virtual items for sale to users at a pre-determined selling price. Each virtual item is considered as a distinctive performance obligation. Users can purchase and present virtual items to hosts. Users' top-up cash before consumption of virtual items are recorded as deferred revenue. Under the arrangements with the hosts or host agencies, the Company shares with them a portion of the revenues derived from the consumption of virtual items. Revenues derived from the sale of virtual items are recorded on a gross basis as the Company has determined that it acts as the principal to fulfill all obligations related to the live streaming services. The portion paid to hosts and/or host agencies is recognized as cost of sales. The Company does not have further obligations to the user after the virtual items are consumed.

As at February 28, 2022, the deferred revenue relating to the unconsumed virtual items totalled $68,846 (2021 - $71,732) was included in the accounts payable and accrued liabilities.

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the daily average from www.blockchain.info.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue from mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IFRS 15, Revenue from Contracts with Customers, including the stage of completion being the completion and addition of block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB or IFRIC, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

l) Share-based payments

The fair value at grant date of each separate award of stock options, based on the number of awards expected to vest, is recorded as a charge to operations and a credit to contributed surplus over the vesting period of the options. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

m) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segments. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

n) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is estimated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax estimated is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

o) Digital assets

Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the digital currency received is considered to be the cost. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital assets at each reporting date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com ("Coinmarketcap"). Coinmarketcap is a pricing aggregator, as the principal market or most advantageous market is not always known. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial. Management considers this fair value to be a Level 2 input under IFRS 13 *Fair Value Measurement* fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

The Company's determination to classify its holding of cryptocurrencies as current assets is based on management's assessment that its cryptocurrency held can be considered to be a commodity, the availability of liquid markets to which the Company may sell a portion of its holdings.

p) Accounting standards issued but not yet effective

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Functional currency

The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Capitalization of software development costs

The application of the Company's accounting policy for capitalization of software development costs requires judgment in determining which development expenditures are recognized as intangible assets and applying the policy consistently. In making this determination, the Company considers the degree to which the development expenditure can be associated with developing new software applications.

Impairment of long-lived assets

Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs of disposal or value in use. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

Revenues from digital asset mining

The Company has entered into contracts with mining pools and has undertaken the performance obligation of providing computing power to the mining pool in exchange for non-cash consideration in the form of digital asset. Revenue is recognized upon receipt of cryptocurrencies in exchange for its mining activities at the fair market value of the cryptocurrencies received. The fair value is determined using the closing cryptocurrency prices per Coinmarketcap.

Management considers the prices quoted on Coinmarketcap to be a level 2 input under IFRS 13 Fair Value Measurement. Any difference between the fair value of digital assets recorded upon receipt from mining activities and the actual realized price upon disposal are recorded as a gain or loss on disposition of digital assets.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Contingent share issuance

The fair value of shares to be issued under the Vortex Agreement (Note 18) was based on an estimate of the future revenue to be generated from the live-streaming services and the likelihood of achieving defined milestones within the agreement.

Depreciation and amortization

Software application assets are amortized based on estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, physical condition of the assets and experience with similar assets. Changes to these estimates may affect the carrying value of assets, net income (loss) and comprehensive income (loss) in future periods.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

(Expressed in Canadian Dollars)

Income taxes

Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. CRYPTOCURRENCY

The Company's holdings of digital currencies consist of the following:

	February 28, 2022	**February 28, 2021**
Bitcoin	14,992	11,800
Ethereum	20,379	6,678
Dogecoin	158,831	-
Tether	145,492	-
USD Coin	62,396	-
	402,090	18,478

The cryptocurrency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices or lack of an active market for the cryptocurrencies would have a significant impact on the Company's other comprehensive income and financial position.

(Expressed in Canadian Dollars)

The continuity of digital currencies was as follows:

	Number of Bitcoin	Amount	Number of Ethereum	Amount	Number of Dogecoin	Amount	Number of LTC	Amount	Number of ZEC	Amount	Number of USDT	Amount	Number of USDC	Amount	Total Amount
Balance, February 28, 2020	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	$ -
Cryptocurrency mined	0.21	11,800	3.72	6,678	-	-	-	-	-	-	-	-	-	-	18,478
Balance, February 28, 2021	0.21	11,800	3.72	6,678	-	-	-	-	-	-	-	-	-	-	18,478
Cryptocurrency mined	0.92	55,090	101.78	471,135	939,378	110,674	11,346.28	2,220,243	702.75	126,551	-	-	-	-	2,983,693
Cryptocurrency converted to USDT/USDC	(0.47)	(29,018)	(96.90)	(415,396)			(11,346.28)	(2,341,037)	(702.75)	(124,198)	2,275,433	2,851,744	10.82	57,905	-
Received from sale of property, plant and equipment											6,369,258	7,991,202			7,991,202
Acquisition of property, plant and equipment											(7,713,680)	(9,691,398)			(9,691,398)
(Gain)Loss on sale of digital currencies		(4,129)		(32,280)				120,794		(2,353)		(29,830)		(18,918)	33,284
Acquisition of USDC using cash													414,385	453,674	453,674
Exchanged for services	(0.39)	(23,296)	(3.11)	(15,937)							(816,472)	(1,020,338)			(1,059,572)
Exchanged to live streaming Commission													(365,145)	(449,184)	(449,184)
Revaluation adjustment		457		622		4,846						4,439		1,904	12,269
FX impact		4,088		5,557		43,310						39,673		17,014	109,643
Balance, February 28, 2022	**0.27**	**$ 14,992**	**5.49**	**$ 20,379**	**939,378**	**$ 158,831**	**-**	**$ -**	**-**	**$ -**	**114,539**	**$ 145,492**	**49,251**	**$ 62,396**	**$ 402,090**

(Expressed in Canadian Dollars)

6. RECEIVABLES

	February 28, 2022 $	February 28, 2021 $
GST receivable	1,045	33,068
Revenue receivable	702,464	774,603
Other receivables	1,736	2,087
Loan receivables	-	66,640
Subscriptions receivables	-	1,202,598
	705,245	2,078,996

All of the Company's accounts receivable are current (30 days or less) and have been collected subsequent to year end. The Company reviews all amounts periodically for indication of impairment.

The subscriptions receivables of $1,202,598 as at February 28, 2021 were collected in March 2022 and therefore was classified as a current asset on consolidated statements financial position as at February 28, 2021.

7. PROPERTY AND EQUIPMENT

Cost	Furniture and equipment ($)	Building ($)	Leasehold Improvement ($)	Total ($)
Balance, February 29, 2020	36,454	18,271	6,088	60,813
Additions	105,013	85,121	-	190,134
Foreign exchange	(280)	-	-	(280)
Balance, February 28, 2021	141,187	103,392	6,088	250,667
Additions	25,739	481	-	26,220
Foreign exchange	4,535	-	-	4,535
Balance, February 28, 2022	**171,461**	**103,873**	**6,088**	**281,422**

Accumulated depreciation	Furniture and equipment ($)	Building ($)	Leasehold Improvement ($)	Total ($)
Balance, February 29, 2020	(14,340)	(16,866)	(3,727)	(34,933)
Additions	(11,096)	(35,801)	(708)	(47,605)
Foreign exchange	(61)	-	-	(61)
Balance, February 28, 2021	(25,497)	(52,667)	(4,435)	(82,599)
Additions	(47,483)	(35,133)	(496)	(83,112)
Foreign exchange	(1,704)	-	-	(1,704)
Balance, February 28, 2022	**(74,684)**	**(87,800)**	**(4,931)**	**(167,415)**
Net Book Value at February 28, 2021	115,690	50,725	1,653	168,068
Net Book Value at February 28, 2022	**96,777**	**16,073**	**1,157**	**114,007**

(Expressed in Canadian Dollars)

8. MINING ASSETS

On May 25, 2021, the Company entered into a definitive purchase agreement (the "Agreement") with a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"), under which the Company acquired an initial 51% interest in Crypto Pal, with an option to increase such interest to 100% (the "Transaction"). Yitang is a related party of the Company by virtue of a common shareholder. At the time of acquisition, Crypto Pal owned a total of 12,550 mining rigs (12,500 Bitmain Antminer L3+ and 50 Bitmain Antminer Z15) dedicated to mining Dogecoin (DOGE), Litecoin (LTC), Bitcoin and Ethereum (ETH) (the "Mining Assets"). The Company has also entered into a guaranteed services agreement (the "Guaranteed Services Agreement") with Yitang to ensure that its Mining Assets are hosted across multiple locations so as to ensure diversification of risk. Pursuant to the Guaranteed Services Agreement, Yitang will guarantee the hosting of the Mining Assets as well as power supply and will provide management and hosting services.

The consideration for the Transaction is $1,500,000 payable in cash and 1,800,000 units of the Company valued at $2,250,000. Each unit has a deemed value of $1.25 and consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue. The Company has allocated $2,214,000 to the shares and $36,000 to the warrants.

For a period of two years following the completion of the Transaction, the Company will have the option to acquire the remaining 49% interest in Crypto Pal (for a total interest of 100%) for an additional payment, as to half in cash and half in common shares, where the valuation of the Mining Assets is dependent on their net profit over a 12-month period immediately preceding the date on which this option is exercised, multiplied by a formulated multiplier.

The Transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of Mining Assets with the Company acquiring 51% of Crypto Pal on May 25, 2021. The consideration for the acquisition of Crypto Pal has been allocated at fair value of the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition. The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

Purchase price	**$**
Cash	1,500,000
1,800,000 units of the Company at $1.25 per unit	2,250,000
Transaction costs	256,499
Fair value of non-controlling interest	3,602,941
	7,609,440

Net assets acquired	**$**
Cryptocurrency	177,096
Mining assets	7,432,344
	7,609,440

(Expressed in Canadian Dollars)

As at February 28, 2022, Crypto Pal has sold all of the L3+ mining rigs acquired from the Transaction, proceeds of which were used to purchase new mining rigs and resulting in a gain on disposal of $750,460.

The following is a summary of the changes in the Mining Assets during the year ended February 28, 2022:

	$
Balance, February 28, 2021	-
Mining Assets acquired	7,432,344
Mining Assets disposed	(7,240,742)
New mining assets acquired	11,592,946
Depreciation	(723,966)
Foreign exchange	3,232
Balance, February 28, 2022	11,063,814

9. SOFTWARE APPLICATION

As at February 28, 2022 and 2021, software application comprises Hello Pal, Travel Pal, Language Pal apps and Live Streaming Service applications as follows:

	Software ($)
Cost	
Balance, February 29, 2020	**6,828,154**
Additions – development costs	1,405,157
Foreign exchange	(22,325)
Balance, February 28, 2021	**8,210,986**
Additions – development costs	393,796
Foreign exchange	56,632
Balance, February 28, 2022	**8,661,414**
Amortization	
Balance, February 29, 2020	**5,077,160**
Amortization	542,610
Foreign exchange	(24,492)
Balance, February 28, 2021	**5,595,278**
Amortization	899,785
Foreign exchange	10,684
Balance, February 28, 2022	**6,505,747**
Carrying amount	
As at February 28, 2021	2,615,708
As at February 28, 2022	**2,155,667**

As at February 28, 2022 and 2021, the Travel Pal and Language Pal apps have been fully impaired, as the apps were no longer of use to the Company.

(Expressed in Canadian Dollars)

10. INVESTMENT IN ASSOCIATE

On September 15, 2021, the Company has signed a Cooperation Agreement with Little Pal Asia Limited "LP") where the Company is licensed, on a non-exclusive worldwide basis, to freely use LP's "innovative Infinity Language" language learning system throughout the Company's product and service offerings, and in particular, in its Language Pal app. LPA is a related party of the Company, as it is owned and controlled by the CEO of the Company.

Pursuant to the agreement, the Company has also acquired a 15% equity interest in LPA for $300,000. Judgment is required as to the extent of influence that the Company has over LPA. The Company considered the extent of voting power over the entity, the power to participate in financial and operating policy decisions of the entity, representation on the board of directors, material transactions between the entities, interchange of management personnel, and provision of essential technical information. The Company has determined that the Company is considered to have significant influence over LPA, as the Company has the power to participate in financial and operating policy decisions, and the majority of the common shares in LPA are held by the CEO of the Company.

The Company's investment in associate as at February 28, 2022 and the changes for the year then ended are as follows:

	February 28, 2022 **$**
Initial recognition	300,000
Share of loss in equity accounted investee	(26,899)
	273,101

The following is a summary of LPA 's financial information on a 100% basis as at February 28, 2022.

	February 28, 2022 **$**
Cash and cash equivalents	122,430
Total current assets	13,822
Total non-current assets	96,547
Total current liabilities	(6,149)
Total non-current liabilities	(482,067)
Net assets	(255,417)

(Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities are as follows:

	February 28, 2022 $	February 28, 2021 $
Accounts payable	178,461	327,920
Accrued liabilities	454,865	573,636
Income tax payable	3,233,302	1,345,273
Payroll taxes payable	234,307	134,110
VAT payable	824,260	219,131
	4,925,195	2,600,070

12. DUE FROM / TO RELATED PARTIES

As at February 28, 2022, the balance outstanding is $53,510 due from the Interim CEO of the Company (2021 – $47,450). The details of the amount due from the Interim CEO are as follows:

	$
Balance - February 29, 2020 (1)	**44,291**
Repayment in cash	(35,089)
Loan to the Company	74,861
Shares for debt settlement(2)	(36,613)
Balance - February 29, 2021	**47,450**
Loan from the Company	6,060
Balance - February 29, 2022	**53,510**

(1) During the year ended February 29, 2020, the Company received a total of $44,291 from the Interim CEO of the Company and a company controlled by the Interim CEO of the Company, which was non-interest bearing, due on demand, unsecured and had no maturity date.

(2) Issued at a price of $0.06 per common share

During the year ended February 28, 2022, the Company advanced $221,134 to LPA.

On November 5, 2018, the Company entered into a loan agreement for $50,000, which was to mature on November 1, 2020 and had an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan was reclassified from loan payable to due to related parties as at February 29, 2020. The principal plus accrued interest balance of $54,710 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at February 28, 2022 is $nil (2021 – $nil).

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan was due on demand, unsecured and had no maturity date. The loan was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021. As at February 28, 2022, a balance of $nil (2021 - $45,000) was owing to this director who is also an officer of the Company representing the consulting fees accrued to him.

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three different tranches of $6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matured on June 1, 2020, was past due and had an interest rate of 6% per annum. During the years ended February 28, 2021 and February 29, 2020, the Company received additional advances of $166,708 and $548,696 respectively from the same shareholder, which are non-interest bearing, unsecured and due on demand. $343,640 of the loan was settled with shares at a price of $0.06 per share during the year ended February 28, 2021 and $468,036 of the loan was repaid in cash during the year ended February 28, 2022. The balance outstanding of $82,143 plus accrued interest of $28,637 as at February 28, 2022 is $110,780 (2021 – $578,816). In addition, the Company issued a promissory note during the year ended February 28, 2018 for proceeds received of $100,000 from the same shareholder. The principal and interest balance of $111,756 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 (Note 13).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. $15,200 of the advance was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the remaining balance of $34,800 was repaid in full during the year ended February 28, 2022. The balance outstanding as at February 28, 2022 is $nil (2021 – $34,800).

During the year ended February 28, 2019, the Company received 2 bitcoins from a shareholder which were awarded to the users as a marketing expense. The fair value of the bitcoin liability as at February 28, 2022 is $110,000 (2021 – $114,401), with change in fair value from initial recognition recognized in statements of loss and comprehensive loss. The outstanding balance shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment. The balance is due on demand and is non-interest bearing.

During the year ended February 29, 2020, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. $57,630 of the loans was repaid in cash and $15,648 of the loans were settled with shares at a price of $0.06 per share during the year ended February 28, 2021. The balance outstanding as at February 28, 2022 is $728 (2021 – $710).

(Expressed in Canadian Dollars)

13. PROMISSORY NOTE

On June 23, 2017, the Company entered into a promissory note agreement with a company owned by a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note was unsecured, bore an interest rate of 4% per annum calculated on the principal balance and on overdue interest, and was payable on the maturity date.

The principal and interest balance of $111,756 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 (also see Note 12). During the year ended at February 28, 2022, the Company recorded interest expense of $nil (2021 – $1,008).

14. LEASE OBLIGATIONS

The Company entered into an office lease in Hong Kong in April 2020 and an office lease in Vancouver, BC, Canada in June 2020. With the adoption of IFRS 16, *Leases*, the Company recognized lease obligations with regard to the leases. The terms and the outstanding balances as at February 28, 2022 and 2021 are as follows:

	February 28, 2022 $	**February 28, 2021 $**
Future aggregate minimum lease payments	52,490	85,121
Lease payments in cash	(46,152)	(36,456)
Non-current accretion	2,526	3,825
	8,864	52,490
Current portion	(8,864)	(43,626)
Non-current portion	-	8,864

The following is a schedule of the Company's future minimum lease payments related to the office lease obligations:

	February 28, 2022 $
2023	8,969
Total minimum lease payments	8,969
Less: imputed interest	(105)
Total present value of minimum lease payments	8,864
Current portion	(8,864)
Non-current portion	-

15. LOAN PAYABLE

During the year ended February 29, 2020, the Company received a non-interest bearing loan of $140,000. The loan was due on demand, unsecured and had no maturity date. The loan of $140,000 was settled for the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021.

On February 9, 2021, the Company received an additional non-interest bearing loan of $10,000. The loan was due on demand, unsecured and had no maturity date. The loan was fully repaid during the year ended February 28, 2022.

16. CONVERTIBLE NOTES

On April 16, 2018, the Company closed a convertible note private placement in the principal amount of $425,000. Each note bore interest at a rate of 15% per annum and was due five years from the date of issue. The notes were convertible into units at a price of $0.115 per unit and each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.115 per share for a period of five years from the date of issue. On July 17, 2018, $50,000 of these convertible notes were converted to 434,782 units of the Company. On June 25, 2020, the remaining $375,000 of these convertible notes were settled with the Company's common shares at a price of $0.06 per share.

On June 6, 2018, the Company closed another convertible note private placement in the principal amount of $500,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are convertible into units at a price of $0.14 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.14 per share for a period of five years from the date of issue. $94,000 of the convertible notes was issued to a company owned by a related party and $65,000 was issued to the interim CEO of the Company (Note 12). On June 25, 2020, $270,068 of these convertible notes were settled with the Company's common shares at a price of $0.06 per share. On February 26, 2021, $75,000 of these convertible notes were converted into units at a price of $0.14 per unit. On March 8, 2021, $61,932 of the principal of these convertible notes were converted into units at a price of $0.14 per unit, resulting in $57,719 being de-recognized from convertible notes – liability component and $6,760 de-recognized from convertible notes – equity component.

For accounting purposes, these convertible notes were separated into their liability and equity components. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible notes assuming a 20% effective interest rate which was the estimated rate for convertible notes without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible notes and the fair value of the liability component.

The liability component for the April 16, 2018 convertible note was initially valued at $361,449 with the resulting residual value being allocated to the equity component in the amount of $63,551, net of deferred tax of $17,159.

(Expressed in Canadian Dollars)

The liability component for the June 6, 2018 convertible note was initially valued at $425,235 with the resulting residual value being allocated to the equity component in the amount of $74,765, net of deferred tax of $20,186.

	Liability Component $	Equity Component (net of tax) $
Balance, February 29, 2020	772,166	95,513
Accretion expense	90,984	-
Debt settlement	(720,068)	(78,601)
Balance, February 28, 2021	143,082	16,912
Accretion expense	4,122	-
Conversion	(57,719)	(6,760)
Balance, February 28, 2022	89,485	10,152

During the year ended February 28, 2022, the Company recorded accretion expense of $4,122 (2021 – $90,984) and accrued interest of $14,281 (2021 – $60,622). The accrued interest is recorded in the accounts payable and accrued liabilities.

17. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Share issuances:

On June 25, 2020, the Company closed the first tranche of a private placement and debt settlement by issuing a total of 35,299,999 common shares at a price of $0.06 per share, consisting of 3,326,433 shares issued for cash of $199,586 and 31,973,566 shares issued for debt of $1,918,410.

On July 20, 2020, the Company closed the second and final tranche of a private placement and debt settlement by issuing a total of 6,666,666 common shares at a price of $0.06 per share for total proceeds of $400,000.

On November 16, 2020, the Company issued 23,940,000 common shares pursuant to the Vortex agreement as a result of meeting the milestone targets (Note 18). The fair value of the common shares issued is determined to be $3,591,000 based on a price of $0.15 per share.

On December 1, 2020, the Company has completed a non-brokered private placement of 8,333,332 units at a price of $0.12 per unit for gross proceeds of $1,000,000 ($300,000 of which was deemed to be uncollectible as at February 28, 2022 and is presented as a reduction of contributed surplus as at February 28, 2022). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.25 per share for a period of 2 years from the date of issue. The Company allocated all of the proceeds to shares and $nil to warrants.

On February 23, 2021, the Company has completed a non-brokered private placement of 5,000,000 units at a price of $0.40 per unit for gross proceeds of $2,000,000 ($1,202,598 of which was received on March 1, 2021 and was included in the receivable balance as at February 28, 2021 (also see Note 6)). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.60 per share for a period of 2 years from the date of issue. The Company allocated all of the proceeds to shares and $nil to warrants.

On February 26, 2021, the Company issued 535,714 shares in connection of conversion of $75,000 of convertible notes at a price of $0.14 per unit (Note 16).

During the year ended February 28, 2021, the Company issued 693,500 common shares pursuant to exercise of stock options for total gross proceeds of $92,195. A value of $103,040 was transferred from contributed surplus to share capital as a result.

During the year ended February 28, 2021, the Company issued 334,782 common shares pursuant to exercise of warrants for total gross proceeds of $38,500.

On March 8, 2021, the Company issued 442,364 units in connection with conversion of $61,932 of the principal of convertible notes at a price of $0.14 per unit (Note 16) , resulting in $57,719 being de-recognized from convertible notes – liability component and $6,760 de-recognized from convertible notes – equity component. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.14 for a period of five years from the date of issue.

On May 12, 2021, the Company closed a brokered private placement (the "Offering") of subscription receipts (the "Subscription Receipts") with Canaccord Genuity Corp. (the "Agent"). Pursuant to the Offering, the Company sold 5,800,000 Subscription Receipts, at a price of $1.25 per Subscription Receipt (the "Offering Price"), for aggregate gross proceeds of $7,250,000.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among the Company, the Agent and Computershare Trust Company of Canada. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less 50% of the Agent's cash commission and all of the Agent's estimated expenses) (the "Escrowed Funds") were placed in escrow pending satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which included all conditions precedent to the completion of the Transaction with Yitang. On May 25, 2021, upon satisfaction of the Escrow Release Conditions, the Escrowed Funds, together with the interest earned thereon, have been released to the Company and each Subscription Receipt was exercised into one unit of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable to acquire one common share of the Company at a price of $2.00 for a period of two years after the satisfaction of the Escrow Release Conditions. The Company allocated $7,134,000 of the proceeds to shares and $116,000 to warrants.

As consideration for the services provided by the Agent in connection with the Offering, the Agent received (i) a cash commission of $396,603, (ii) a fiscal advisory fee of $110,897, and (iii) a cash fee equal to $200,000, which was paid one-half in cash and one-half in common shares at the Offering Price (80,000 common shares). As additional consideration, the Agent has been issued 406,000 warrants (the "Broker Warrants"). Each Broker Warrant will be exercisable to acquire one common share at a price of $1.25 for a period of two years after the satisfaction of the Escrow Release Conditions.

The fair value of the Broker Warrants was determined to be $379,898 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $nil, risk free interest rate of 0.30%, expected life of 2 years and expected volatility of 167%. The Company also incurred share issue costs of $431,164 consisted of legal fees and filing fees.

On May 25, 2021, the Company issued 1,800,000 units of the Company pursuant to the acquisition of Crypto Pal (Note 8). The fair value of the 1,800,000 units was determined to be $2,250,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue. The Company allocated $2,214,000 of the proceeds to shares and $36,000 to warrants.

On September 13, 2021, the Company issued 200,000 shares pursuant to the terms of the letter agreement to retain a firm that provides general advisory and investment banking services. The fair value of shares issued was determined to be $134,000.

During the year ended February 28, 2022, the Company issued 366,150 common shares pursuant to exercise of stock options for total gross proceeds of $36,615. A value of $31,534 was transferred from contributed surplus to share capital as a result.

During the year ended February 28, 2022, the Company issued 4,176,025 common shares pursuant to exercise of warrants for total gross proceeds of $994,644.

c) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter.

(Expressed in Canadian Dollars)

	Number of Options #	Weighted Average Exercise Price $
Balance, February 29, 2020	7,240,000	0.16
Expired and cancelled	(6,720,500)	0.16
Granted	10,966,000	0.10
Exercised	(693,500)	0.13
Balance and exercisable, February 28, 2021	10,792,000	0.10
Expired	(138,000)	0.15
Granted	5,800,000	0.51
Exercised	(366,150)	0.10
Balance and exercisable, February 28, 2022	16,087,850	0.25

As at February 28, 2022, the Company had the following options outstanding:

Expiry Date	Exercise Price $	Remaining Life (Years)	Options Outstanding #
June 6, 2023	0.22	1.27	34,500
October 16, 2025	0.10	3.63	6,591,500
November 9, 2025	0.10	3.70	3,661,850
August 20, 2026	0.75	4.48	3,000,000
February 4, 2027	0.25	4.94	2,800,000
		4.03	16,087,850

On October 16, 2020, the Company granted 7,304,150 stock options to certain directors, officers, employees and consultants. The stock options have an exercise price of $0.10 per share and a life of 5 years and vested immediately.

On November 9, 2020, the Company granted 3,661,850 stock options to its key officers, employees and consultants of its Asian subsidiary. The stock options have an exercise price of $0.10 per share and a life of 5 years and vested immediately.

On August 20, 2021, the Company granted 3,000,000 stock options to its key officers, employees and consultants. The stock options have an exercise price of $0.75 per share and a life of 5 years and vested immediately.

On February 4, 2022, the Company granted 2,800,000 stock options to certain directors and consultants. The stock options have an exercise price of $0.25 per share and a life of 5 years and vested immediately.

The fair value of the options granted was estimated on the dates of grant using the Black-Scholes option valuation model with the following weighted average assumptions:

(Expressed in Canadian Dollars)

	February 28, 2022	February 28, 2021
Dividend yield	**Nil**	**Nil**
Expected annualized volatility (%)	**136**	**132**
Risk-free interest rate (%)	**1.28**	**0.35**
Expected life of options (years)	**5**	**5**
Grant date fair value ($)	**0.38**	**0.08**
Forfeiture rate (%)	**Nil**	**Nil**

Option pricing models require the input of subjective assumptions including the expected price volatility and the expected option life. Expected price volatility was calculated based on the Company's historical share prices. Changes in these assumptions can materially affect the estimated fair value of the stock options granted.

During the year ended February 28, 2022, the Company recorded share-based payments expense of $2,214,029 (2021 - $876,932).

d) Warrants

	Number of Warrants #	Weighted average exercise price $	Weighted Average Life (Years)
Outstanding, February 29, 2020	434,782	0.12	2.63
Issued	7,202,380	0.36	-
Exercised	(334,782)	0.115	-
Outstanding, February 28, 2021	7,302,380	0.36	2.08
Issued	4,648,363	1.82	-
Exercised	(4,176,025)	0.24	-
Outstanding, February 28, 2022	7,774,718	1.30	1.36

As at February 28, 2022, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
416,666	$0.25	December 1, 2022
2,500,000	$0.60	February 23, 2023
4,205,999	$2.00	May 25, 2023
652,053	$0.14	February 26, 2026
7,774,718		

18. VORTEX AGREEMENT

On January 29, 2019, the Company entered into a cooperation agreement (the “Cooperation Agreement”) with Vortex Live Inc. (“Vortex”) and the principals of Vortex (the “Vortex Team”) whereby Vortex would develop and implement live-streaming video functionality into the HPI Platform (“Live Streaming Service”).

Under the terms of the Cooperation Agreement, Vortex has provided a seasoned management team to join the Company to develop and operate the Live Streaming Service. As at February 28, 2022, Vortex has also funded part of the development of Live Streaming Service by paying the Company $826,030 (RMB 4,300,000) (2021 - $826,030 (RMB 4,300,000)).

In return, the Company will issue up to 54,000,000 shares to the Vortex Team based on the following milestones:

1. 20,000,000 shares upon the launch of the Live Streaming Service by March 31, 2019, and the Company achieving monthly revenue of RMB 1,000,000 (approximately $200,000) by May 31, 2019 – This milestone has been achieved and the Company issued 16,182,000 shares pursuant to this milestone on November 16, 2020.

2. 9,000,000 shares upon the Company achieving monthly revenue of RMB 5,000,000 (approximately $1,000,000) and accumulated revenue of RMB 23,000,000 (approximately $5,000,000) by December 31, 2019 – This milestone has been achieved and the Company issued 7,758,000 shares pursuant to this milestone on November 16, 2020.

3. 13,500,000 shares upon the Company achieving monthly revenue of RMB 10,000,000 (approximately $2,000,000), accumulated revenue of RMB 70,000,000 (approximately $14,000,000) over preceding 12 months, net positive cash flow and net profit of RMB 1,000,000 (approximately $200,000) by December 31, 2020 – This milestone has been achieved and the fair value of 13,500,000 shares estimated to be $2,025,000 pursuant to this milestone is recorded as shares to be issued as at February 28, 2021. The 13,500,000 shares have not been issued as at February 28, 2022.

4. 11,500,000 shares upon the Company achieving monthly revenue of RMB 20,000,000 (approximately $4,000,000), accumulated revenue of RMB 180,000,000 (approximately $28,000,000) over preceding 12 months and net profit of RMB 10,000,000 (approximately $2,000,000) by December 31, 2021 – This milestone has not been achieved as at February 28, 2022.

The above is collectively referred to as the “Vortex Transaction”.

(Expressed in Canadian Dollars)

The shares contingently issuable to Vortex management team upon achievement of the above milestones have been treated as share-based compensation for the services. During the year ended February 28, 2021, the Company reassessed the likelihood of meeting milestones #3 and #4 to be 100% and 30% respectively. The change in estimation of milestone shares to be issued is considered a change in an accounting estimate, and the resulting change in the fair value of the Vortex Transaction was adjusted to the related carrying amounts of the assets, liabilities or equity in the period of change. During the year ended February 28, 2021, the Company has recognized $1,206,945 as additions to the software application (Note 9) and $1,485,000 as share-based compensation in profit and loss, with the corresponding entry to extinguish contingent shares consideration of $57,630, increasing share capital of $462,000, shares to be issued of $2,025,000, and contributed surplus of $262,575.

19. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below.

The Company incurred charges to directors and officers, or to companies associated with these individuals during the years ended February 28, 2022 and 2021 as follows:

	2022 $	2021 $
Management fees	112,752	141,638
Salaries and benefits	122,954	66,243
Share-based payment	567,051	563,810
	802,757	771,691

Accounts payable and accrued liabilities at February 28, 2022 includes $nil due to related parties (2021 – $1,474 due to a director who is also the CFO of the Company). Receivables at February 28, 2021 included $66,640 from a corporation controlled by the interim CEO of the Company, of which $50,960 has been repaid during the year ended February 28, 2022 and the remaining $15,680 has been allocated to due from related parties as at February 28, 2022.

Key management of the Company includes the President, Interim CEO, the current CFO and the Directors. During the year ended February 28, 2022, compensation paid to key management consisted of management fees of $97,752 (2021 - $81,638) paid to the Interim CEO, management fees of $15,000 (2021 – $60,000) paid to a director and CFO, salaries and benefits of $122,954 (2021 – $66,243) paid to two directors of the Company, and the share based compensation of $567,051 (2021 - $563,810) to the key management.

On May 25, 2021, the Company entered into a definitive purchase agreement with a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"), under which the Company acquired an initial 51% interest in Crypto Pal, with an option to increase such interest to 100% (the "Transaction"). The consideration for the Transaction Is $1,500,000 payable in cash and 1,800,000 units of the Company valued at $2,250,000.

The mining assets, which generate cryptocurrency mining revenue, are managed by Yitang, which is a related party of the Company by virtue of a common shareholder. The net assets acquired from the Transaction was $7,432,344 as at the acquisition date. The Company subsequently sold 12,500 of the L3+ mining rigs acquired from the Transaction for a consideration of $7,991,202, which was used to purchase new L7 mining rigs from Yimao Technology (HK) Limited. ("Yimao"), which is a related party of the Company by virtue of a common shareholder. The total cost of the new L7 mining rigs was $11,592,948 (Note 8), of which $9,691,398 settled was by USDT (Note 20).

The Company has also entered into the Guaranteed Services Agreement with Yitang to ensure that its Mining Assets are hosted across multiple locations so as to ensure diversification of risk. During the years ended February 28, 2022 and 2021, all cryptocurrency mining revenue earned and costs of revenue incurred were through the management service provided by Yitang under the Guaranteed Service Agreement.

On September 15, 2021, the Company has signed a Cooperation Agreement with LPA where the Company will be licensed, on a non-exclusive worldwide basis, to freely use LPA's innovative "Infinity Language" language learning system throughout the Company's product and service offerings, and in particular, in its Language Pal app. LPA is a related party of the Company, as it is owned and controlled by the CEO of the Company. Pursuant to the agreement, the Company has also acquired a 15% equity interest in LPA for $300,000. During the year ended February 28, 2022, the Company advanced $221,134 to LPA.

Other related party transactions are disclosed in Notes 8, 10, 12 and 13.

20. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the year ended February 28, 2022, the following transactions were excluded from the consolidated statement of cash flows:

- Issuance of common shares for acquisition of Crypto Pal, valued at $2,250,000 (Note 8);
- Conversion of convertible notes to units of the Company, valued at $57,719 (Note 16);
- $51,774 of application development costs included in accounts payable and accrued liabilities;
- $7,991,202 digital assets received from the sale of Crypto Pal L3+ mining assets (Note 19); and
- $9,691,398 digital assets used for the acquisition mining assets from a related party (Note 19).

During the year February 28, 2021, the following transactions were excluded from the consolidated statement of cash flows:

- $1,206,945 of application development costs included in contributed surplus at February 28, 2021 (Note 18);
- $507,058 of due to related parties, $111,756 of promissory note, loan payable of $140,000, and accounts payable and accrued liabilities of $269,008 were settled with shares at a share price of $0.06 per share;
- Conversion of convertible notes to units of the Company, valued at $965,589;
- $11,671 of application development costs included in accounts payable and accrued; and
- Acquisition of building and equipment by capital lease of $85,121.

(Expressed in Canadian Dollars)

21. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to carry out its development plans and operations throughout its current operating period.

The Company is not subject to any capital requirements imposed by a regulator.

22. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	February 28, 2022 $	February 28, 2021 $
Financial assets – amortized cost		
Cash	2,194,137	1,415,013
Receivables	705,245	2,078,996
	2,899,382	3,494,009
Financial liabilities - FVTPL		
Bitcoin payable (included in due to related parties (note 12))	110,000	114,401
Financial liabilities – amortized cost		
Accounts payable and accrued liabilities	4,925,195	2,600,070
Due to related parties (excluding bitcoin payable, see above)	111,508	659,326
Lease obligations	8,864	52,490
Loan payable	-	10,000
Convertible notes	89,485	143,082
	5,135,052	3,464,968

b) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. The Company's cash is carried at fair value using Level 1 inputs.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at February 28, 2022, the Company believes that the carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties (excluding bitcoin payable) and loan payable approximate their fair values because of their nature and relatively short maturity dates or durations. The convertible notes are measured at fair value with reference to level 3 within the fair value hierarchy at initial recognition and subsequently measured at amortized costs using the effective interest method. The bitcoin payable is measured at fair value with reference to level 1 within the fair value hierarchy.

c) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets as disclosed in the consolidated statements of financial position. The Company's cash is held with reputable banks in Canada, Hong Kong and China. The credit risk related to cash is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the due to related parties has a fixed interest rate.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at February 28, 2022, the Company has a cash balance of $2,194,137 (2021 - $1,415,013) to settle its current liabilities of $5,155,567 (2021 - $3,427,423).

(Expressed in Canadian Dollars)

Foreign exchange rate risk

The functional currency of the Company is the Canadian dollar, while the functional currency of HP Asia is HKD, the functional currency of its three controlled PRC entities is RMB and the functional currency of Crypto Pal is the US dollar. The Company is exposed to foreign exchange risk when the Company undertakes transactions and holds assets and liabilities in currencies other than its functional currencies. During the years ended February 28, 2022 and 2021, the Company was not exposed to significant foreign exchange risk.

23. SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

- international live-streaming segment, which provides online live-streaming services.
- Cryptocurrency mining segment, which provides cryptocurrency computing services to blockchain platforms.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Year ended February 28, 2022

	Livestreaming $	**Cryptocurrency mining $**	**Total $**
Revenue	36,471,718	2,983,693	39,455,411
Costs of revenue	(34,271,148)	(1,059,571)	(35,330,719)
Amortization and depreciation	(953,895)	(723,967)	(1,667,862)
Salaries and benefits	(1,056,133)	-	(1,056,133)
Net profit	190,542	1,200,155	1,390,697
Administrative expenses managed on group basis			(6,558,595)
Other income (expenses)			726,793
Loss before income taxes			(4,441,105)

(Expressed in Canadian Dollars)

Year ended February 28, 2021

	Livestreaming $	Cryptocurrency mining $	Total $
Revenue	21,290,903	18,478	21,309,381
Costs of revenue	(18,967,719)	-	(18,967,719)
Amortization and depreciation	(561,213)	-	(561,213)
Salaries and benefits	(722,413)	-	(722,413)
Net profit	1,039,558	18,478	1,058,036
Administrative expenses managed on group basis			(4,622,968)
Loss before income taxes			(3,564,932)

Geographic segment information of the Company’s total assets is as follows:

	February 28, 2022 $	February 28, 2021 $
Canada	3,068,733	5,182,392
Asia	14,628,374	1,667,627
Total assets	17,697,107	6,850,019

Geographic segmentation of the Company’s revenue during the years ended February 28, 2022 and 2021 is as follows:

	2022 $	2021 $
Canada	-	-
Asia	38,395,840	21,309,381
Revenue	38,395,840	21,309,381

Revenues from external customers attributed to an individual foreign country, where those revenues are material, is not disclosed as the necessary information is not readily available and the cost to develop it would be excessive.

Geographic segmentation of the Company’s income (loss) during the years ended February 28, 2022 and 2021 is as follows:

	2022 $	2021 $
Canada	(4,742,301)	(4,050,079)
Asia	(1,897,008)	(860,126)
Net loss	(6,639,309)	(4,910,205)

(Expressed in Canadian Dollars)

24. INCOME TAXES

A reconciliation of the Company's income tax provision computed at statutory tax rates to the reported income tax provision for the years ended February 28, 2022 and 2021 as follows:

	2022 $	2021 $
Net loss before tax	(4,441,105)	(3,564,932)
Statutory tax rate	27.00%	27.00%
Expected tax recovery	(1,199,099)	(962,531)
Non-deductible amounts	1,912,766	1,316,321
Difference in tax rates and foreign exchange	(163,706)	(284,650)
Change in estimates	701,323	610,704
Change in deferred tax assets not recognized	1,464,836	665,429
Other temporary differences	(517,916)	-
Total tax (recovery) expense	2,198,204	1,345,273

Deferred tax assets (liabilities) at February 28, 2022 and 2021 are as follows:

	2022 $	2021 $
Canada		
Convertible loan	(21,962)	(23,076)
Cryptocurrency	(1,015)	-
Non-capital loss	22,977	23,076
	-	-

	2022 $	2021 $
Hong Kong		
Software application	(1,846,787)	(12,588)
Non-capital loss	1,536,612	12,588
	(310,175)	-

	2022 $	2021 $
China		
Gain on bitcoin revaluation	-	(555)
Software application and equipment	(445)	-
Non-capital loss	445	555
	-	-

(Expressed in Canadian Dollars)

Unrecognized deductible temporary differences before tax effect at February 28, 2022 and 2021 are as follows:

	2022 $	2021 $
Canada		
Non-capital loss carried forward	8,921,752	5,811,417
Resource allowances	2,811,069	2,811,069
Software application and equipment	1,543,510	2,014,557
Share issuance cost and other	1,154,455	52,034
	14,430,786	10,689,077
Hong Kong		
Non-capital loss carry forward	2,912,090	2,827,311
China		
Non-capital loss carry forward	3,431,291	1,698,356

As at February 28, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards for Canadian tax purposes for the amounts (pre-tax) as disclosed in the above table, which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in various amounts from 2027 to 2041.

As at February 28, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards for Hong Kong tax purposes for the amounts (pre-tax) as disclosed in the above table, which may be carried forward to apply against future income for Hong Kong tax purposes, subject to the final determination by taxation authorities. These non-capital losses can be carried forward indefinitely.

As at February 28, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards for China tax purposes for the amounts (pre-tax) as disclosed in the above table, which may be carried forward to apply against future income for China tax purposes, subject to the final determination by taxation authorities. These non-capital losses can be carried forward for 4 - 5 years.

25. COSTS OF REVENUE

The details of costs of revenue by type for livestreaming revenue are as follows:

	2022 $	2021 $
Live Streamers fee	33,290,652	18,543,311
Merchant and transaction fees	875,482	321,091
Other fees	105,014	103,317
	34,271,148	**18,967,719**

Costs of revenue for cryptocurrency mining primarily consists of hosting fee paid to Yitang for management of the Company’s mining rigs.

26. SUBSEQUENT EVENT

On July 13, 2022, the Company cancelled an aggregate of 3,000,000 stock options ("Cancelled Options") with an exercise price of $0.75. The Cancelled Options were previously held by certain directors and consultants of the Company.