

INTELLABRIDGE TECHNOLOGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in US Dollars)

INTELLABRIDGE TECHNOLOGY CORP.

| Index | Page |
|--|-------------|
| Independent Auditors' Report | 1 - 3 |
| Consolidated Financial Statements | |
| Consolidated Statements of Financial Position | 4 |
| Consolidated Statement of Changes in Equity (Deficit) | 5 |
| Consolidated Statements of Profit and Comprehensive Income | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Notes to Consolidated Financial Statements | 8 - 24 |

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Intellabridge Technology Corp.

Opinion

We have audited the consolidated financial statements of Intellabridge Technology Corp., which comprise the consolidated Statement of Financial Position as at December 31, 2021, and the consolidated Statement of Changes in Equity (Deficit), the consolidated Statement of Loss and Comprehensive Loss and the consolidated Statement of Cash Flows for the years then endend, 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 Consolidated financial position of the company as at December 31, 2021, and its Consolidated financial performance and its Consolidated cash flows for the year then ended in accordance with International Financail Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 the 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 events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The Consolidated financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those Consolidated financial statements on April 29, 2021.

Other Information

Management is responsible for the other information. The other information comprises:

- ◆ The information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions

Our opinion on the Consolidated financial statements does not cover the other information and we do not and will 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, and remain alert for indications that the other information appears to be materially misstated. If, based on the

INDEPENDENT AUDITOR'S REPORT, continued

work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 the 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.

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.

INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Amanda L. Finke
Professional Corporation

Medicine Hat, Alberta
July 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANT

INTELLBRIDGE TECHNOLOGY CORP.

Consolidated Statements of Financial Position

As at December 31, 2021 and 2020

(Expressed in US Dollars)

| | Notes | December 31, 2021 \$ | December 31, 2020 \$ |
|---|---------|----------------------------|----------------------------|
| ASSETS | | | |
| Cash | | 5,080,163 | 7,026 |
| Receivables | 4 | 19,303 | 9,045 |
| Prepays and deposits | | 148,129 | 10,049 |
| Digital currencies | 5 | 3,004,248 | 1,146 |
| Assets held-for-sale | 6 | 305,209 | 305,209 |
| | | 8,557,052 | 332,475 |
| Property and equipment | 6 | - | 719 |
| | | 8,557,052 | 333,194 |
| LIABILITIES | | | |
| Trade payables and accrued liabilities | 7 and 8 | 81,855 | 168,840 |
| Due to related parties | 8 | 59,144 | 355,029 |
| | | 140,999 | 523,869 |
| SHAREHOLDERS' EQUITY (DEFICIT) | | | |
| Share capital | 9 | 15,485,232 | 7,262,188 |
| Reserve | 9 | 858,052 | 857,572 |
| Accumulated other comprehensive income (loss) | | 1,369,773 | (55,300) |
| Deficit | | (9,297,004) | (8,255,135) |
| | | 8,416,053 | (190,675) |
| | | 8,557,052 | 333,194 |

Nature of operations (Note 1)

Subsequent event (Note 13)

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

Approved on behalf of the Board of Directors:

DocuSigned by:

John Patrick Eagleton

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Director

DocuSigned by:

Maria Eagleton

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Director

INTELLABRIDGE TECHNOLOGY CORP.
Consolidated Statement of Changes in Equity (Deficit)
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

| | Share Capital | | | | | Total shareholders' equity (deficiency) | |
|--|---------------|-------------------|-------------------|-------------------|--------------------------------------|---|------------------|
| | Notes | Number of shares | Amount | Reserve | Accumulated other comprehensive loss | | Deficit |
| | | | \$ | \$ | \$ | \$ | |
| Balance at December 31, 2019 | | 56,471,844 | 7,262,188 | \$ 848,907 | (56,445) | (7,899,197) | 155,453 |
| Share-based compensation | 8 | - | - | 4,470 | - | - | 4,470 |
| Benefit of below-market interest rate loan | 8 | - | - | 4,195 | - | - | 4,195 |
| Net loss for the year | | - | - | - | - | (355,938) | (355,938) |
| Other comprehensive income | | - | - | - | 1,145 | - | 1,145 |
| Balance at December 31, 2020 | | 56,471,844 | 7,262,188 | \$ 857,572 | (55,300) | (8,255,135) | (190,675) |
| Share-based compensation | 8 | - | - | 480 | - | - | 480 |
| Shares issued for cash | 9 | 10,564,517 | 8,150,504 | - | - | - | 8,150,504 |
| Shares issued for settlement of debt | 8 and 9 | 4,751,115 | 505,292 | - | - | - | 505,292 |
| Share issuance costs | 9 | - | (711,927) | - | - | - | (711,927) |
| Exercise of options | 9 | 720,000 | 279,175 | - | - | - | 279,175 |
| Net loss for the year | | - | - | - | - | (1,041,869) | (1,041,869) |
| Other comprehensive income | | - | - | - | 1,425,073 | - | 1,425,073 |
| Balance at December 31, 2021 | | 72,507,476 | 15,485,232 | \$ 858,052 | 1,369,773 | (9,297,004) | 8,416,053 |

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

INTELLABRIDGE TECHNOLOGY CORP.

Consolidated Statement of Profit and Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

| | Notes | Years ended December 31, | |
|---|-------|--------------------------|------------------|
| | | 2021 | 2020 |
| | | \$ | \$ |
| Sales | | - | 83,041 |
| Cost of Services | | - | 48,895 |
| GROSS PROFIT | | - | 34,146 |
| Operating expenses | | | |
| Advertising and marketing | | 210,634 | 5,337 |
| Amortization | 6 | 719 | 12,737 |
| Application development | | 568,180 | 15,536 |
| Bad debt | | - | 4,167 |
| Bank charges and fees | | 9,282 | 6,490 |
| Exchange fees | | 28,051 | - |
| Consulting fees | | - | 4,951 |
| Depreciation on right-of-use asset | | - | 2,799 |
| Finance charge | | - | 1,448 |
| Management fees and salaries | 8 | 207,128 | 196,324 |
| Office and administration | 8 | 78,746 | 35,322 |
| Professional fees | | 281,136 | 31,494 |
| Regulatory and transfer agent fees | | 48,280 | 22,398 |
| Rent and utilities | | 1,624 | 13,824 |
| Share-based compensation | 8 | 480 | 4,470 |
| Travel | | 20,732 | 2,358 |
| | | 1,454,992 | 359,655 |
| NET LOSS BEFORE OTHER ITEMS | | (1,454,992) | (325,509) |
| Other items | | | |
| Interest and other income | | 12,577 | 3,960 |
| Benefit of below-market interest rate loan | | - | 1,293 |
| Fair value loss on digital currency loan | | - | (2,208) |
| Government grant | | - | 10,000 |
| Recovery of deposit | | - | 10,650 |
| Realized gain (loss) on revaluation of digital currencies | | 400,546 | 876 |
| Impairment of investments | | - | (55,000) |
| Impairment on security deposit | | - | - |
| | | 413,123 | (30,429) |
| NET LOSS FOR THE YEAR | | (1,041,869) | (355,938) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Items which may be subsequently reclassified to profit or loss | | | |
| Unrealized revaluation gain on digital currencies | | 1,390,205 | - |
| Unrealized foreign exchange gain | | 34,868 | 1,145 |
| COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | 383,204 | (354,793) |
| Gain (loss) per common share | | | |
| -basic and diluted | | (0.02) | (0.01) |
| Weighted average number of common shares outstanding | | | |
| -basic | | 66,345,424 | 56,471,844 |
| -basic and diluted | | 67,342,618 | 56,471,844 |

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

INTELLBRIDGE TECHNOLOGY CORP.

Consolidated Statements of Cash Flows
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

| | December 31, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| | \$ | \$ |
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net income (loss) from continuing operations for the year | (1,041,869) | (335,938) |
| Items not involving cash: | | |
| Amortization | 719 | 12,737 |
| Depreciation of right-of-use asset | - | 2,799 |
| Interest on lease liability | - | 49 |
| Finance charge | - | 1,448 |
| Realized (gain) loss on revaluation of digital currencies | (400,546) | (876) |
| Fair value loss on digital currency loan | - | 2,208 |
| Impairment of investments | - | 55,000 |
| Share-based compensation | 480 | 4,470 |
| Benefit of below-market interest loan | - | (1,293) |
| Listing expense | - | - |
| | <u>(1,441,216)</u> | <u>(279,396)</u> |
| Changes in non-cash operating working capital items: | | |
| Receivables | (10,258) | (2,564) |
| Prepaid expenses and deposits | (138,080) | 4,791 |
| Accounts payable and accrued liabilities | (86,986) | (17,890) |
| Due to related parties | (295,885) | 182,123 |
| | <u>(1,972,425)</u> | <u>(112,936)</u> |
| Investing | | |
| Purchase of cryptocurrency inventory | (1,212,350) | - |
| | <u>(1,212,350)</u> | <u>-</u> |
| Financing | | |
| Due to related parties | - | 26,222 |
| Proceeds from convertible loan | - | 74,602 |
| Proceeds from issuance of shares, net | 8,223,044 | - |
| Lease payments | - | (3,091) |
| | <u>8,223,045</u> | <u>97,733</u> |
| Effect of foreign exchange on cash flows | 34,868 | 1,241 |
| Change in cash during the year | 5,073,137 | (13,962) |
| Cash, beginning of year | 7,026 | 20,988 |
| Cash, end of year | <u>5,080,163</u> | <u>7,026</u> |

Supplemental cash flow information

| | | |
|--------------------------------------|-------|-------|
| Interest paid – operating activities | 8,670 | 6,490 |
| Income taxes paid (recovered) | - | - |

See note 9 for the details of non-cash transactions.

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

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

1. NATURE OF OPERATIONS

Intellabridge Technology Corp. (the “Company” or “Intellabridge”) was incorporated on June 24, 1988 under the laws of British Columbia. The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the symbol INTL.

The Company’s head office, principal address and records office is 2060 Broadway Suite B1, Boulder, Colorado, 80302. The registered office is Suite 1500-1055 West Georgia Street, PO Box 11117, Vancouver, BC V6E 4N7.

Intellabridge is a technology-based company developing financial solutions that give customers access to decentralized financial markets with additional layers of cybersecurity, consumer protection, and customer service. Intellabridge offers users self-custody services to empower them with complete transparency and control over their accounts and data through its Web3 platform. The Kash product features decentralized stablecoins, yield products, and investments, with plans to offer debit and virtual cards with Apple Pay and Google Pay.

In 2020, the Company provided IT services in block-chain and green tech. In Q2 – Q4 of 2021, the Company decided to focus 100% on a decentralized financial application under the new brand name “Kash”, based on its experience building the Cryptanite mobile exchange.

The Company has other proprietary technologies including the ChargaCard, Cryptanite, and BitDropGo application, components of which may be integrated into the “Kash” platform.

These 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 continuing operations of the Company are dependent upon its ability to grow and to be able to implement its business plans and strategies. Given the volatile nature of the industry in which it operates, the Company is subject to risks and uncertainties that may adversely impact future operating results and cash flows.

As at December 31, 2021, the Company has an accumulated deficit of \$9,297,004 (2020 - \$8,255,135) including loss for the year ended December 31, 2021 of \$1,041,869 (2020 – \$355,938). These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic’s impact on its business, results of operations, financial position and cash flows in the future.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

2. BASIS OF PRESENTATION

Statement of compliance to International Financial Reporting Standards (“IFRS”)

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue on July 27, 2022 by the directors of the Company.

Basis of presentation and consolidation

The consolidated financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, modified where applicable and related to the valuation of certain financial assets and financial liabilities to fair value.

The consolidated financial statements are presented in US dollars.

Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able directly or indirectly, to control financial and operational policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

| | Country of incorporation | Percentage owned | | Functional currency |
|--------------------|--------------------------|-------------------|-------------------|---------------------|
| | | December 31, 2021 | December 31, 2020 | |
| ChargaCard Inc. | United States | 100% | 100% | USD |
| Cryptanite Ltd. | Malta | 0% | 100% | EURO |
| Intellabridge LLC. | Ukraine | 100% | 100% | UAH |

Cryptanite Ltd, which had the jurisdiction of Malta, was "Struck Off as Defunct" effective December 28, 2021. It means the Maltese Business Registry considers the Maltese Company closed or liquidated.

Consolidation

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgements, estimates and assumptions

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

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

The preparation of these consolidated financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Recognition and Valuation of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

Research and development costs

Evaluating whether or not costs incurred by the Company in developing its technology meet the criteria for capitalizing as intangible assets. Management determined if products are able, with sufficient certainty, to demonstrate that they will generate future economic benefits, development costs related to these products are capitalized at cost. Research and development costs are recognized as period expense.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The consolidated financial statements of the Company are presented in US dollars. The individual financial statements of each subsidiary are presented in its functional currency, the currency of the primary economic environment in which the entity operates. The functional currency of Intellabridge is the Canadian dollar, and the functional currencies of the subsidiaries are listed in Subsidiaries section of Note 2.

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

In preparing the financial statements of each subsidiary, transactions in currencies other than the entity's functional currency are translated at exchange rates in effect on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate of the exchange in effect as at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the time when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Revenue and expenses are translated at average exchange rates prevailing during the reporting period. Foreign currency differences arising on translation are recognized in the consolidated statement of comprehensive loss. All resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of equity, within Accumulated Other Comprehensive Income ("AOCI").

Digital currencies

The Company has determined that digital currencies are intangible assets. The Company has classified digital currencies as current assets, if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the statements of financial position at their cost on the date acquired and are only re-measured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realised gains or losses on the sale of digital currencies, are included in the statement of loss and comprehensive loss. Unrealized revaluation gains for those digital currencies that are traded in an active market above their initial fair value are included in other comprehensive income.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of income from digital currencies.

Property and equipment

Items of equipment are recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use.

Depreciation of property and equipment is calculated over the estimated useful lives as follows:

| | |
|-------------------------|--------------------------------|
| Computer equipment | 24 months straight-line method |
| Furniture and equipment | 36 months straight-line method |
| Other assets | 100% amortization on purchase |
| ROU asset | Term of lease |

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

Impairment

The Company reviews the carrying amounts of its non-financial assets, including equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Fair value less costs of disposal is estimated using recent market prices for similar items that would be received in an orderly transaction between market participants at the measurement date. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Income taxes

Income tax expense is comprised of current and deferred tax components.

The Company follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date. Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares, options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to profit or loss.

Warrants

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share-based compensation

The Company has a share option plan. The fair value of share-based compensation to employees is measured at grant date using the Black-Scholes Option Pricing Model, and is recognized over the vesting period using the graded vesting method. The fair value of share-based compensation to non-employees is measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model, if the fair value of the goods or services received cannot be readily measured.

For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. For share options granted with vesting terms conditional upon the achievement of a performance condition, and the performance condition is not a market condition, the Company revises its estimates of the length of the vesting period, if necessary, when information arises that indicates that the length of the vesting period differs from previous estimates. When this occurs, the change in estimate is accounted for prospectively.

Compensation expense is recorded in the consolidated statement of loss as share-based compensation expense with a corresponding credit to equity reserves. When stock options are exercised, the proceeds, together with the amount recorded in equity reserves, are recorded in share capital.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

| Financial assets | |
|------------------------------|----------------|
| Cash | FVTPL |
| Receivables | Amortized cost |
| Financial liabilities | |
| Trade payables | Amortized cost |
| Due to related parties | Amortized cost |

The Company classifies its financial assets in one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) amortized cost or (3) financial assets at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets at FVTOCI

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 arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial instrument at FVTPL at December 31, 2021 is as follows:

| Financial asset | Level 1 | Level 2 | Level 3 |
|------------------------|--------------|---------|---------|
| Cash | \$ 5,080,163 | \$ - | \$ - |

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, trade payables and due to related parties approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the statement of loss. Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Earnings/loss per share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the reporting period.

Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

Revenue

The Company generates revenue by providing transaction processing services for digital currencies, contracting development and IT services and telecommunication data services. Revenues from telecommunication and IT and other development services are recognized when services are provided and billed.

Leases

The Company assess whether a contract is, or contains, a lease at the inception of the contract. 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 Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement, and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use ("ROU") asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially 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, less any lease incentives received. The right-of-use asset is subsequently

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Accounting standard issued but not yet effective

At the date of authorization of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards and interpretation have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

4. RECEIVABLES

| | December 31, 2021 | December 31, 2020 |
|--------------------------------------|----------------------|----------------------|
| Goods and services input tax credits | \$ 18,018 | \$ 7,774 |
| Other receivables | 1,285 | 1,271 |
| | \$ 19,303 | \$ 9,045 |

5. DIGITAL CURRENCIES

On June 22, 2021 the Company signed the License, Support and Maintenance Agreement with Baanx Group Limited. Pursuant to the agreement Baanx purchased Terra's native blockchain token "Luna" cryptocurrency which is held by the Company for its Proof of Stake (POS) software mining staking business which provides technical support to the Terra blockchain network. As at December 31, 2021, the Company held various digital currencies with an aggregate fair value of \$3,004,248 (December 31, 2020 - \$1,146), including the fair value of Terra Luna – \$2,876,408. The quantity of Terra Luna coins held as of December 31, 2021 was 33,654. Coins are recorded at their fair value on the date they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on "coinmarketcap.com" at the reporting dates. 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 aggregate 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. As at December 31, 2021, the company has self-custody of all digital currency wallets.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

During the year ended December 31, 2021, the Company converted Luna coins to purchase Terra UST for testing purposes on the test version of Kash application. As of December 31, 2021, the Company owned 121,741 units of UST with a fair value of \$121,741.

6. PROPERTY AND EQUIPMENT

During the year ended December 31, 2018, the Company acquired title to a facility located in Nederland, Colorado. This facility was to be used as a data center for its previous cryptocurrency mining operations. As at December 31, 2021, the facility remained vacant and was not used in operations. As at December 31, 2021 and 2020, the carrying value of the facility of \$305,209 has been presented as assets held-for-sale, following management's decision to offer the facility for sale. Management continues an active program to dispose of the facility.

| | Furniture and Equipment | Computer Equipment | Other Assets | ROU Asset | Total |
|-------------------------------------|----------------------------|-----------------------|-----------------|------------------|------------------|
| Cost: | | | | | |
| December 31, 2019 | \$ 6,170 | \$ 55,017 | \$ 2,431 | \$ 20,268 | \$ 83,886 |
| Sales and disposal | - | (3,074) | - | - | (3,074) |
| December 31, 2020 | \$ 6,170 | \$ 51,943 | \$ 2,431 | \$ 20,268 | \$ 80,812 |
| December 31, 2021 | \$ 6,170 | \$ 51,943 | \$ 2,431 | \$ 20,238 | \$ 80,812 |
| Depreciation and impairment: | | | | | |
| December 31, 2019 | \$ 3,625 | \$ 44,105 | \$ 2,431 | \$ 17,372 | \$ 67,534 |
| Amortization | \$ 1,825 | 10,912 | - | 2,799 | 15,536 |
| Sales and disposal | - | (3,074) | - | - | (3,074) |
| Foreign exchange | - | - | - | 97 | 97 |
| December 31, 2020 | \$ 5,451 | 51,943 | 2,431 | 20,268 | 80,093 |
| Amortization | \$ 719 | - | - | - | 719 |
| December 31, 2021 | \$ 6,170 | \$ 51,943 | \$ 2,431 | \$ 20,268 | \$ 80,812 |
| Net book value: | | | | | |
| December 31, 2020 | \$ 719 | \$ - | \$ - | \$ - | \$ 719 |
| December 31, 2021 | 4 | \$ - | \$ - | \$ - | - |

7. TRADE PAYABLES AND ACCRUED LIABILITIES

| | December 31, 2021 | December 31, 2020 |
|-------------------------|-------------------|-------------------|
| Trade payables (Note 8) | \$ 70,815 | \$ 151,805 |
| Accrued liabilities | 11,040 | 17,035 |
| | \$ 81,855 | \$ 168,840 |

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. During the year ended December 31, 2021 and 2020, the remuneration of management fees to key personnel were as follows:

| | | 2021 | | 2020 |
|--|----|----------------|----|---------|
| Chief Executive Officer ^(a) (CEO) | \$ | 117,127 | \$ | 105,052 |
| Chief Operating Officer ^(b) (COO) | | 90,000 | | 91,272 |
| President | | | | 3,700 |
| Total | \$ | 207,127 | \$ | 200,024 |

- (a) During the year ended December 31, 2021, the Company paid or accrued salary of \$117,127 (2020 - \$105,052) to the CEO and director of the Company.

During the year ended December 31, 2020, the Company entered into a short-term loan arrangement with the CEO for a total of \$51,222. The loan is non-interest bearing and has a one-year repayment term. The Company determined that the rate implicit in the loan is at a market rate of 12% per annum. Accordingly, the Company recorded an initial benefit of the below-market interest rate loan of \$5,488 to the reserve. During the December 31, 2020 year, interest of \$1,448 was accrued and a benefit of \$1,293 was recognized in the statement of loss and comprehensive loss. During the year ended December 31, 2021, the loan was settled through a share issuance (Note 9).

As at December 31, 2020, a total of \$207,411 was due to the CEO. During the year ended December 31, 2021, a total of \$221,735 was converted to 2,800,940 common shares (Note 9). As at December 31, 2021, a total of \$3,579 is due to the CEO.

- (b) On December 4, 2017, the Company entered into an Operations Management and Product Development Services contract with the COO and director of the Company for provision of management services in exchange for a monthly fee of \$7,500. The contract was for a one-year term with an extension for renewal for an additional year at the end of each year of the contract.

During the year ended December 31, 2021, the Company paid or accrued aggregate fees of \$90,000 (2020 - \$91,272) for management services pursuant to the above to the COO.

As at December 31, 2020, \$123,918 was due to the COO. During the year ended December 31, 2021, a total of \$134,504 was converted to 1,699,050 common shares (Note 7). As at December 31, 2021, a total of \$35,565 is due to the COO. This amount is recorded in due to related parties.

- (c) As at December 31, 2021, a total of \$20,000 (December 31, 2020 - \$20,000) was due to the former CTO. This amount is recorded in due to related parties.
- (d) During the year ended December 31, 2020, the company accrued management fees and commissions of \$3,700 to Katmando Holdings Inc., a company owned by Keith Turner, President of the Company. This was repaid during the year ended December 31, 2021.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

Other related party transactions and balances

- (a) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. (“VCC”), a company controlled by a former common director to provide administrative services to the Company for a period of three years in exchange for a monthly fee of CAD\$10,000 plus applicable taxes. At the end of the service term, the terms of the agreement are automatically renewed on an annual basis until either party provides notice of termination. This agreement was terminated effective March 1, 2020.

During the year ended December 31, 2021, \$35,771 of administrative fees which were due to VCC were fully repaid.

- (b) During the year ended December 31, 2021, the Company recognized \$480 (2020 - \$4,470) in share-based compensation for the vested portion of the stock options previously granted to the President of the Company.

On September 1, 2021 the Company exercised 100,000 of stock options of the President with exercise price CAD 0.60.

9. SHARE CAPITAL

- (a) Authorized

Unlimited number of common shares without par value.

- (b) Issued

Year ended December 31, 2021:

- a) The Company completed a non-brokered private placement of 2,500,000 units at a price of CAD \$0.15 per share for total gross proceeds of \$295,044 (CAD \$375,000). Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD \$0.45 per share over a period of two years from date of issue. The warrants are subject to an acceleration clause that if after the first six months following the closing date, the volume-weighted average trading price of the common shares on the CSE is equal to or greater than CAD \$0.52 for any consecutive-trading-day period, the Company may, upon providing written notice to the holder of warrants, accelerate the expiry date of the warrants to the date that is 30 days following the date of such written notice.
- b) A total of 4,499,990 common shares have been issued to settle \$356,239 (CAD \$450,035) in debt due to related parties (Note 8), of which \$341,774 was recorded in due to related parties at December 31, 2020. The 4,499,990 common shares were issued at a fair value of \$356,239. This is a non-cash transaction and not a cash expenditure.
- c) On July 20, 2021, the Company completed a private placement of 8,064,517 units at a price of CAD 1.24 for total gross proceeds of \$7,855,460 (CAD \$10,000,001). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CAD \$1.55 per common share for a period of three years following the issuance date. H.C. Wainwright & Co. acted as the exclusive placement agent for the Private Placement. H.C. Wainwright & Co. received a cash commission equal to 7.5% of the gross proceeds of the Private Placement and 604,838 non-transferable broker warrants. Each Broker Warrant entitles the holder to purchase one common share at an exercise price of CAD \$1.55 for a period of three years following the issuance date.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

The Company recorded \$711,927 of share issuance costs resulting from the operation.

- d) On June 4, 2021, the Company entered into a consultancy agreement with North Equities at the scheduled value CAD \$100,000 plus GST. The payment was settled as debt for shares with the value per share being the closing price of the Company on the CSE on the effective date. On August 1, 2021 the Company issued 84,000 common shares at a price of CAD \$0.79 and August 16, 48,125 common shares were issued for a total consideration of \$83,955 (CAD \$105,000).
- e) On December 29, 2021, the Company issued 119,000 common shares at a price of CAD \$0.70 per share for provision of services with a value of \$65,057 (CAD \$83,300).
- f) On September 1, 2021 the Company issued 100,000 common shares for the exercised 100,000 of stock options of the President of the Company with exercise price CAD \$0.60 per share for gross proceeds of \$47,593 (CAD \$60,000).
- g) On October 6, 2021, the Company issued 620,000 common shares for the exercise of stock options at an exercise price of CAD \$0.47 per share for gross proceeds of \$231,582 (CAD \$291,400).

There were no transactions affecting share capital during the year ended December 31, 2020.

(c) Escrow shares

17,648,600 common shares issued to the principals of the Company are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on March 7, 2018 and 15% were released from escrow every six months over a period of 36 months until March 7, 2021. As at December 31, 2021 no common shares remained in escrow (December 31, 2020 – 2,647,290).

In addition, 2,750,000 common shares have a restrictive resale legend and were subject to an 18-month voluntary hold period with 10% of shares being released four, eight and twelve months from the CSE listing date, and 35% released every three months thereafter.

(d) Stock options and warrants

The Company maintains a 10% rolling share option plan (the “Plan”) that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options and have a maximum of 10 years. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options as determined by the Board of Directors.

INTELLBRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

Stock option and share purchase warrant transactions are summarized as follows:

| | Warrants | | Stock Options | |
|--------------------------------|------------|---------------------------------|---------------|---------------------------------|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Outstanding, December 31, 2019 | - | CAD\$ - | 820,000 | CAD\$ 0.50 |
| Expired | - | CAD\$ - | (100,000) | CAD\$ 0.60 |
| Outstanding, December 31, 2020 | - | CAD\$ - | 720,000 | CAD\$ 0.49 |
| Issued | 11,169,355 | CAD\$ 1.30 | - | CAD\$ - |
| Exercised | - | CAD\$ - | 720,000 | CAD\$ 0.60 |
| Outstanding, December 31, 2021 | 11,169,355 | CAD\$ 1.30 | - | - |
| Number currently exercisable | 11,169,355 | CAD\$ 1.30 | - | - |

As at December 31, 2021, the following were outstanding:

| | Expiry Date | Number of Shares | Weighted Average Exercise Price | Weighted Average Period |
|----------------|-------------------|------------------|---------------------------------|-------------------------|
| Warrants | February 17, 2023 | 2,500,000 | CAD\$ 0.45 | 1.13 years |
| | July, 20, 2023 | 8,064,517 | CAD\$ 1.55 | 2.55 years |
| | July, 20, 2023 | 604,838 | CAD\$ 1.55 | 2.55 years |
| Total warrants | | 11,169,355 | CAD\$ 1.30 | 2.24 years |

During the year ended December 31, 2021, the Company recorded share-based compensation expense of \$480 (2020 - \$4,470) to recognize the fair value of the vested portion of previously granted stock options.

(e) Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

| | Stock options | Finders' warrants | Other | Total |
|---|---------------|-------------------|----------|------------|
| Balance, December 31, 2019 | \$ 220,757 | \$ 628,150 | \$ - | \$ 848,907 |
| Share-based compensation | 4,470 | - | - | 4,470 |
| Benefit of below-market interest rate loan (Note 8) | - | - | 4,195 | 4,195 |
| Balance, December 31, 2020 | 225,227 | 628,150 | 4,195 | 857,572 |
| Share-based compensation | 480 | - | - | 480 |
| Balance, December 31, 2021 | \$ 225,707 | \$ 628,150 | \$ 4,195 | \$ 858,052 |

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

10. SEGMENTED INFORMATION

The Company operates in one industry segment, being development and IT services utilizing its blockchain technologies. For the year ended December 31, 2021, sales of \$Nil (December 31, 2020 - \$83,041) were incurred in this segment.

The Company operates in the following geographic areas and a summary of non-current assets is as follows:

| | December 31, 2021 | December 31, 2020 |
|------------------------|-------------------|-------------------|
| | \$ | \$ |
| Property and equipment | | |
| Ukraine | - | 719 |
| | - | 719 |

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Loss before income taxes | (1,041,868) | (355,938) |
| Tax rate | 24.0% | 23.7% |
| Expected income tax recovery at statutory tax rates | (250,049) | (84,417) |
| Increase (decrease) in income tax recovery resulting from: | | |
| Non-deductible items | 35,696 | 1,618 |
| Change in deferred tax assets not recognized | 214,353 | 82,799 |
| Total income tax expense (recovery) | - | - |

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits have not been included on the consolidated statement of financial position are as follows:

| | December 31, 2021 | Expiry Dates | December 31, 2020 | Expiry dates |
|-----------------------------------|----------------------|--------------|----------------------|--------------|
| | \$ | | \$ | |
| Share issue costs | 627,810 | | 62,763 | No expiry |
| Non-capital losses (Canada) | 2,160,698 | 2039 to 2041 | 1,644,765 | 2029 to 2040 |
| Net operating losses (US) | 233,360 | 2037 | 233,360 | 2037 |
| Net operating losses (US) | 2,879,527 | No expiry | 2,158,354 | No expiry |
| Non-capital losses (Malta) | - | - | 21,653 | - |
| Deferred tax asset not recognized | (5,901,395) | | (4,120,895) | |
| Deferred tax asset liability | - | | - | |

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts, which is mainly held with reputable US and Canadian banks. Therefore, credit risk of the Company's cash deposits is assessed as relatively low.

The Company's secondary exposure to credit risk is on its receivables, which consists mainly of trade receivables and refundable government sales taxes. Credit risk related to these receivables is assessed as low.

The Company was exposed to credit risk on its digital currencies that were held on different crypto exchange platforms. Management chooses reliable and legitimate platforms for its crypto transaction to minimize that risk, to the best of their knowledge.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring cash requirements to ensure that it is able to meet its short term and long-term obligations and operational plans.

As at December 31, 2021, the Company has a working capital of \$8,416,053 (December 31, 2020 - working capital deficiency - \$191,394). Liquidity risk is assessed as low.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers interest rate risk to be minimal.

(b) Foreign currency risk

The Company and its subsidiaries operate internationally, and during the period were exposed to foreign exchange risk arising from currency fluctuations, primarily with respect to the USD/CAD/EURO and UAH dollar rates.

Management regularly monitors exposure to foreign exchange risks, but does not have a current hedging policy in place.

INTELLABRIDGE TECHNOLOGY CORP.

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021 and 2020
(Expressed in US Dollars)

(c) *Price risk*

The Company is exposed to digital currencies price risk due to the volatility of the industry. The digital currencies are measured using Level 2 fair values, determined by taking the rate from coinmarketcap.com. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economical conditions. Digital currencies have a limited history and the fair value historically has been relatively volatile. Historical performance of digital currency is not indicative of their future price performance.

13. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns and benefits to shareholders. The capital structure of the Company consists of equity comprised of issued share capital and any debt that it may issue.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

There were no changes in the Company's approach to capital management during the year.

14. SUBSEQUENT EVENT

Subsequent to December 31, 2021:

- a) The Company issued 60,000 common shares to a director for services rendered, at \$0.59 per share for a total consideration of \$35,400.
- b) There was an unexpected collapse of the Terra ecosystem. As a result of the collapse the following subsequent events have occurred:
 - I. The Company experienced a significant decrease in market value of their digital assets. As the number of Lunas remained virtually unchanged compared to the balance at December 31, 2021, the estimated impact on the Company's financials is that the Company's digital assets market value decreased by \$2,807,954 USD due to the unexpected Terra ecosystem collapse.
 - II. Due to the Terra ecosystem collapse, the Company engaged into building new features and products on the Ethereum blockchain (DeFi Pulse Index, Bankless, DeFi Innovation Index and a Metaverse Index).
 - III. Given the negative market conditions, some of the Company's personnel have been moved to hourly consulting status or terminated with the goal of reducing Company operating costs while maintaining a strong financial and cash position to support the new Ethereum product release and marketing strategy in 2022.