SPONSORSONE INC.

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2021

(Unaudited)

(Stated in Canadian dollars - unless otherwise noted)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

November 3, 2021

"Myles Bartholomew" (signed)
Myles Bartholomew, CEO

"Sandy Kokkinis" (signed)
Sandy Kokkinis, CFO

SPONSORSONE INC.

Consolidated Interim Statements of Financial Position
As at, September 30, 2021

	Note	September 30, 2021	December 31, 2020
Assets			(Audited)
Current assets:			
Cash and cash equivalents (cash at bank)		**215,909**	62,819
Accounts Receivable	**3**	**104,124**	-
Other non financial assets	**5**	**99,530**	146,737
Inventory	**4**	**2,711,677**	-
		3,131,241	209,556
Non Current assets:			
Property, plant & equipment	**6**	**95,575**	114,855
		3,226,816	324,411
Liabilities and Equity			
Current liabilities:			
Trade and other payables	**7 & 14**	**977,162**	1,538,307
Note payable	**8**	**560,727**	90,489
Current portion of long-term debt	**8**	**50,000**	50,000
		1,587,888	1,678,796
Non-current Liability			
Long-term debt		**-**	-
		1,587,888	1,678,796
Equity			
Share capital	**9**	**34,155,414**	15,375,821
Shares to be issued			-
Shares subscribed not issued		**-**	343,707
Contributed surplus	**9**	**232,616**	232,616
Other reserves			
Share-based payment reserve	**10**	**4,247,961**	3,491,689
Warrant reserve	**11**	**8,536,226**	2,788,117
Equity adjustment from foreign currency translation		**(1,574)**	(1,574)
Accumulated deficit		**(45,531,716)**	(23,584,761)
		1,638,927	(1,354,385)
		3,226,816	324,411

Nature of Operations and Going Concern – *Note 1*
Subsequent Event – *Note 18*

Approved on behalf of the Board:

"Myles Bartholomew"	"GaryBartholomew"
Director (Signed)	Director (Signed)

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

SPONSORSONE INC.

Consolidated Interim Statement of Operations and Comprehensive Loss
For the nine months ended September 30, 2021

	Note	3 months ended Sept 30, 2021	3 months ended Sept 30, 2020	9 months ended Sept 30, 2021	9 months ended Sept 30, 2020
Revenue from operations		**76,102**	-	**229,865**	-
Other income		-	-	-	-
Less Cost of Goods Sold		**76,894**	-	**200,568**	-
Total income (A)		**(792)**	-	**29,296**	-
Operating expenses:					
Marketing Consultancy		**5,885,698**	1,960,755	**18,101,576**	3,251,194
Administrative & General		**860,028**	657,605	**3,070,707**	873,105
Share based Compensation		-	-	**756,272**	-
Research and development		**16,437**	-	**16,624**	3,342
Depreciation	**6**	**6,410**	6,596	**19,153**	19,882
Total expenses (B)		**6,768,573**	2,624,956	**21,964,332**	4,147,523
Loss before finance expense and other gains / (losses) (A)-(B)		**(6,769,365)**	(2,624,956)	**(21,935,036)**	(4,147,523)
Finance expense		-	-	**11,919**	-
Loss before other income / (losses)		**(6,769,365)**	(2,624,956)	**(21,946,955)**	(4,147,523)
Settlement of accounts payable		-	-	-	-
Net loss		**(6,769,365)**	(2,624,956)	**(21,946,955)**	(4,147,523)
Other comprehensive loss					
Exchange difference on translating foreign operations		**92,496**	-	-	-
Total comprehesive loss for the year		**(6,861,861)**	(2,624,956)	**(21,946,955)**	(4,147,523)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company					
Weighted average number of common shares	**11**	**1,091,899,552**	110,306,297	**1,091,899,552**	110,306,297
Loss per share - basic and diluted	**11**	**(0.01)**	(0.02)	**(0.02)**	(0.04)

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

SPONSORSONE INC.

Consolidated Interim Statements of Changes in (Deficit) Equity
For the nine months ended September 30, 2021

	Number of common shares	Share capital	Shares to be issued	Shares subscribed but not issued	Contributed surplus	Share-based payment reserve	Warrants reserve	Other comprehensive income	Accumulated deficit	Total
Balance at December 31, 2020	419,504,269	15,375,821	-	343,707	232,616	3,491,689	2,788,117	(1,574)	(23,584,761)	(1,354,385)
Shares issued on private placement, net	231,844,562	5,509,633	-	(343,707)	-	-	-	-	-	5,165,926
Special warrants issued	-	(5,748,109)	-	-	-	-	-	-	-	(5,748,109)
Special warrants exercised	-	-	-	-	-	-	-	-	-	-
Units issued in public offering	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-
Options exercised	250,000	3,750	-	-	-	-	-	-	-	3,750
Shares issued in settlement of liabilities (net)	881,139,588	19,014,319	-	-	-	-	-	-	-	19,014,319
DSU's vested in the period	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	756,271	5,748,109	-	-	6,504,380
Shares subscribed not issued	-	-	-	-	-	-	-	-	-	-
Cancellation of shares		-	-	-	-					-
Net loss for the period	-	-	-	-	-	-	-	-	(21,946,955)	(21,946,955)
Balance at September 30, 2021	**1,532,738,419**	**34,155,414**	**-**	**-**	**232,616**	**4,247,960**	**8,536,226**	**(1,574)**	**(45,531,716)**	**1,638,927**

	Number of common shares	Share capital	Shares to be issued	Shares subscribed but not issued	Contributed surplus	Share-based payment reserve	Warrants reserve	Other comprehensive income	Accumulated deficit	Total
Balance at December 31, 2019	76,999,590	8,644,159	232,616	-	-	2,829,950	2,182,181	(9,055)	(14,954,002)	(1,074,151)
Shares issued on private placement, net	2,000,000	40,000	-	-	-	-	-	-	-	40,000
Warrants exercised	525,000	9,650	-	-	-	(25,000)	16,600	-	-	1,250
Shares issued in settlement of liabilities (net)	339,479,679	6,657,012	-	-	-	-	-	-	-	6,657,012
DSU's vested in the period	500,000	25,000	-	-	-	-	-	-	-	25,000
Share-based payments	-	-	-	-	-	686,739	589,336	-	-	1,276,075
Shares subscribed not issued	-	-	-	343,707	-	-	-	-	-	343,707
Cancellation of shares		-	(232,616)	-	232,616					-
Net loss for the period	-	-	-	-	-	-	-	7,481	(8,630,759)	(8,623,278)
Balance at December 31, 2020	**419,504,269**	**15,375,821**	**-**	**343,707**	**232,616**	**3,491,689**	**2,788,117**	**(1,574)**	**(23,584,761)**	**(1,354,385)**

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

SPONSORSONE INC.

Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2021

	9 months ended Sept 30, 2021	9 months ended Sept 30, 2020
Cash flows from operating activities:		
Net loss for the year	**(21,946,955)**	(4,147,523)
Adjustments for:		
Depreciation	**19,280**	18,450
Share-based compensation	**6,504,381**	-
Finance cost	**11,919**	-
Loss on settlement of debt		-
Foreign exchange	**-**	1,652
Loss on acquisition	**-**	-
HST assessments	**-**	-
Liabilities written back	**(262,145)**	-
Adjustment for expenses settled by issue of shares (refer note 6)	**19,014,319**	4,219,512
Change in non-cash operating working capital		
Other receivables & Prepaids	**47,207**	2,456
Receivables	**(104,124)**	
Inventory	**(2,711,677)**	-
Trade and other payable	**(299,001)**	(161,498)
	273,204	(66,951)
Cash flows from financing activities:		
Proceeds from issuance of note payable	**458,319**	-
Finance cost	**-**	-
Proceeds from private placement, net	**5,509,633**	40,000
Proceeds from the exercising of warrants, options & DSU	**3,750**	26,250
Proceeds from issuance of special warrants	**(5,748,109)**	
Proceeds from shares subscribed, not issued	**(343,707)**	-
	(120,114)	66,250
Cash flows from investing activities:		
Investment in property and equipment	**-**	-
	-	-
Increase (decrease) in cash and cash equivalents	**153,090**	(701)
Cash and cash equivalents, beginning of the year	**62,819**	235
Cash and cash equivalents, end of the year	**215,909**	(466)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

SponsorsOne Inc. (the "Company" or "SponsorsOne") was incorporated under the laws of the Province of Ontario on March 9, 1965. Over the years, the Company has changed its name several times and currently operates as SponsorsOne, Inc. The registered office is located at 2 Campbell Drive, #307C, Uxbridge, ON L9P 1H6. References to SponsorsOne or the Company include the other names the Company has operated under.

MXM Nation Inc. ("MXM") was incorporated on February 2, 2005, under the Business Corporations Act of Ontario, Canada, and is a wholly owned subsidiary of SponsorsOne, Inc. On December 19, 2013, MXM completed a reverse takeover transaction of SponsorsOne. For accounting purposes, MXM was considered the acquirer and SponsorsOne the acquiree.

SponsorsOne Media, Inc., was incorporated under the laws of the State of Delaware United States of America, on January 9, 2018, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of SponsorsOne Media, Inc. is located at South 8514 Sagewood Road, Spokane, Washington 99223.

S1 Brands Inc., was incorporated under the laws of the State of Delaware United States of America, on November 25, 2019, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of SponsorsOne Media, Inc. is located at South 8514 Sagewood Road, Spokane, Washington 99223.

Premier Beverage Consortium LLC., was acquired on November 1, 2020. The Company was incorporated under the laws of the State of California, United States of America, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of Premier Beverage Consortium LLC is located at 4001 Inglewood Ave Ste 10, BMB 101, Redondo Beach, California 90278.

HS Brands Inc., was incorporated under the laws of the State of Delaware United States of America, on March 17, 2021, and is a wholly owned subsidiary of SponsorsOne Inc. The primary office of HS Brands Inc. is located at South 8514 Sagewood Road, Spokane, Washington 99223.

The Company is an early-stage technology Company developing a cloud based social sponsorship platform. This cloud-based platform called "SponsorsCloud" is designed to connect and facilitate one-to-one engagement between corporations and users within social networks. SponsorsOne is a Company that utilizes its proprietary platform that combines digital marketing, wholesale and retail distribution, branding, and operational & funding capital, giving it a competitive first-mover advantage in rapidly selling proprietary brands focused on the alcohol, functional beverage and hemp sectors.

These consolidated financial statements were authorized by the Board of Directors of the Company on August 12, 2021.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has experienced negative cash flows from operations since inception. In the three months ending September 30, 2021, the Company has generated a net loss $21,946,955 and had a working capital surplus of $1,543,353.

The Company has relied on financing from its shareholders and officers as well as equity raises to fund operations to date. Full implementation of the Company's business plan will require additional debt or equity financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Company. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management recognizes that the Company has insufficient capital to continue operations for the coming twelve months without additional investment capital and there are continuing uncertainties regarding the costs of operations and the timing of revenues. These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management believes that it can generate and/or raise enough funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due.

Accordingly, these consolidated financial statements do not reflect adjustments or classifications which might be necessary if the Company was not able to continue as a going concern.

The magnitude of the COVID-19 pandemic's ongoing effects on the economy and the Company's financial and operational performance is uncertain. The Company will continue to closely monitor the COVID-19 situation and its effects on the global economy. Should the duration, spread or intensity of the pandemic develop further, the Company's operations could be affected. The uncertainty may also affect the Company's liquidity and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis using accounting policies and methods consistently applied over the periods presented.

c) Functional currency

The Company's functional and reporting currency as determined by management, is the Canadian dollar ("CAD"), which is the Company's presentation currency. As at, September 30, 2021, the functional currency of the Company's wholly owned subsidiaries; SponsorsOne Media Inc., S1 Brands, and Premier Beverage Consortium LLC, was determined to be the United States dollar. The functional currency of all other subsidiaries as at, September 30, 2021, was determined to be the Canadian dollar ("CAD").

d) Basis of consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, MXM, SponsorsOne Media, Inc., S1 Brands Inc, Verve Beverage Company and Premier Beverage Consortium LLC. All intercompany balances and transactions have been eliminated. Subsidiaries are consolidated from the date of acquisition or incorporation, that being the date on which the Company has power to govern the financial and operating policies of an entity to obtain benefits from its activities and continue to be consolidated until the date such control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Use of estimates and judgments.

The preparation of these consolidated financial statements requires management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities, revenue, and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to, impairment of assets and the useful life of capital assets, the calculation of the fair value of share-based payments, and the assessment of the going concern assumption and functional currency.

f) Standards issued but not yet effective.

At, September 30, 2021, a number of standards and interpretations, and amendments thereto, had been issued by the International Accounting Standards Board (IASB) that are not effective for these consolidated financial statements. These standards are not expected to have a significant impact on the Company in the current or future reporting periods and on foreseeable future transactions.

g) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the period end exchange rate with the resulting gains and losses being recognized in the consolidated statements of operations and comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses, and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income (loss) and in the cumulative translation adjustment in shareholders' equity.

h) Revenue

The Company's revenue is derived from the completion of a performance obligation outlined by the terms of a Brand Development Agreement entered into with the customer. Revenue is recognized once the performance obligation is satisfied and there is a reasonable expectation of collection.

Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1) Identify the contract with a customer
2) Identify the performance obligations in the contract
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations in the contract
5) Recognize revenue when (or as) the entity satisfies a performance obligation

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property, Plant and Equipment

The Company records equipment at cost and provides for depreciation over the useful life of the assets using the straight-line method over 5 years for computer and office equipment and 15 years for marketing vehicles.

In the year of disposal, the resulting gain or loss is included in the statements of operations and comprehensive loss and the cost of the equipment retired or otherwise disposed and the related accumulated depreciation are eliminated from these accounts.

j) Inventory

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials expenditure. Costs of purchased inventory are determined after deducting rebates and discounts.

k) Research and development costs

Research costs are expensed as incurred. The Company has not capitalized development expenditures to date.

l) Share-based compensation

The Company grants stock options and deferred stock units ("DSU's") to acquire common shares of the Company to directors, officers, and employees. The Board of Directors grants stock options for periods of up to ten years, with vesting periods determined at its sole discretion and at exercise prices equal to or greater than the closing market price on the day preceding the date the options were granted. DSU's by their terms have no exercise price associated with them and the Board of Directors grants DSU's with vesting periods determined on a case-by-case basis.

The fair value of the options for employee services is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options using the graded vesting method. The fair value is recognized as an expense with the corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

The fair value of vested DSU's is calculated and recorded using the stock price on the grant date of DSU's, but only to the extent that the DSU's are vested. As additional DSU's vest according to their terms, additional compensation expense is recorded in the period when the shares vest. DSU's do bear an exercise price, do not convert into common shares, and cannot be transferred or liquidated until the holder ceases to be a director, officer, employee or consultant of the Company.

Share-based payments for non-employee services are measured at the fair value of the goods or services received and are recorded at the date the goods or services are received or, if it is determined the fair value of the goods or services cannot be reliably measured, at the fair value of the equity instruments issued.

m) Loss per share

Basic income (loss) per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Income tax

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that enough taxable earnings will be available to allow all or part of the asset to be recovered.

o) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Below is a summary showing the classification and measurement bases of the Company's financial instruments.

Classification	**IFRS 9**
Cash and cash equivalents (cash at bank)	Amortized Cost
Trade and other payables	Amortized Cost
Notes payable	Amortized Cost
Convertible note payable – conversion feature	FVTPL
Long-term debt	Amortized Cost

(The carrying value of above financial assets and liabilities approximates its fair value)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Investments recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

iii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

collect their contractual cash flows, and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

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

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at, September 30, 2021, and 2020, the Company did not hold financial instruments recorded at fair value that would require classification within the fair value hierarchy, except for cash and cash equivalents (Level 1) and convertible note payable – conversion feature (Level 2). The carrying value of the financial instruments noted above approximate their fair value due to the short-term nature of these instruments. The carrying value of the long-term debt also approximates its fair value.

p) Conversion options in convertible note payable

An equity conversion feature embedded in a contract about a convertible loan granted to the Company is accounted for as equity only when it will exclusively be settled by the entity delivering a fixed number of its own equity shares in exchange for a fixed amount of cash (the ‘fixed-for-fixed criterion’).

Where the debt obligation in a convertible loan is denominated in a currency different from the trading currency of the shares of the Company, the consideration payable under the derivative is not fixed in the functional currency of the Company so that the fixed-for-fixed criterion is not fulfilled, and the conversion feature fails the definition of equity.

In that case, the conversion option embedded in a convertible loan facility is considered an embedded derivative financial liability not closely related to the host loan agreement and is recognized as a financial liability at FVTPL. Any subsequent changes in the fair value of the conversion option are recognized in the consolidated statements of operations and comprehensive loss under Finance expense.

q) Impairment of non-financial assets

The Company reviews its tangible assets for indications of impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication of impairment exists, the asset’s recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the assets belong. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In determining the value in use, the expected future cash flows from the asset 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. Impairment losses are recognized in profit or loss. Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased by the revised estimate of its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of such impairment loss is also recognized in profit or loss.

3. ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020
Accounts Receivables	**$104,124**	$0
Other receivables & Prepaids	**$104,124**	$0

4. INVENTORY

	September 30, 2021	December 31, 2020
Finished Goods	**$1,353,838**	$0
Raw Materials	**1,357,839**	-
	$2,711,677	$0

5. OTHER NON-FINANCIAL ASSETS

	September 30, 2021	December 31, 2020
HST receivable	**$45,948**	$80,244
Other receivables	**53,582**	34,136
	$99,530	$114,380

During the nine-month period ending September 30, 2021, the Company had a balance of $53,582 in other receivables for retainers paid in advance and other prepaid expenses.

6. PROPERTY, PLANT AND EQUIPMENT

		Electronic equipment		Marketing vehicle		Total
Cost						
At December 31, 2019	$	61,833	$	232,446	**$**	**294,279**
Additions for the period		-		-		**-**
Foreign currency translation		(1,218)		-		**(1,218)**
Balance at December 31, 2020	$	60,615	$	232,446	**$**	**293,061**
Additions for the period		-		-		**-**
Foreign currency translation		42		-		**42**
Balance at September 30, 2021	**$**	**60,657**	**$**	**232,446**	**$**	**293,103**
Accumulated depreciation						
At December 31, 2019	$	14,428	$	138,332	**$**	**152,760**
Additions for the period		9,677		13,608		**23,285**
Foreign currency translation		2,161				**2,161**
Balance at December 31, 2020	$	26,266	$	151,940	**$**	**178,206**
Additions for the period		8,948		10,205		**19,153**
Foreign currency translation		169				**169**
Balance at September 30, 2021	**$**	**35,383**	**$**	**162,145**	**$**	**197,528**
Net book value						
At September 30, 2021	**$**	**25,274**	**$**	**70,301**	**$**	**95,575**
At December 31, 2020	$	34,349	$	80,506	$	114,855

7. TRADE AND OTHER PAYABLES

Accounts payable and accrued liabilities are comprised of the following:

	September 30, 2021	December 31, 2020
Accounts payable	**$815,942**	$1,368,968
Accrued liabilities	**160,835**	119,235
HST/GST payable	**385**	50,104
	$977,162	$1,538,307

During the nine-month period ending September 30, 2021, the Company entered into debt settlement agreements to settle various amounts of accounts payable in the Company. The Company issued a total of 881,139,588 shares to settle $19,014,319 of accounts payable.

8. NOTE PAYABLE AND DEBT

Note Payable:

(a) The note payable balance included an unsecured note amounting to $81,505 which had interest of 15% per annum and was settled in March 2021.
(b) The note payable balance included an unsecured note amounting to $11,040, which has interest of 15% per annum, which was settled in March 2021.
(c) The Company issued a non-convertible promissory note against a loan of $250,000 bearing interest at 4% per annum repayable by the Company on or before March 19, 2022. The Company received an exemption from the minimum price requirement and reserved a price at the 20-day VWAP. There is no insider participation, and all securities are subject to a standard hold period. As at June 30, 2021 the amount owing including interest is $259,877.
(d) The Company issued two non-convertible promissory notes against loans of $100,000 USD each, bearing interest at 6% per annum repayable by the Company within 121 days of issuance.
(e) The Company issued a non-convertible promissory note against a loan of $50,000, bearing interest at 8% per annum repayable by the Company within 90 days of issuance.

Debt:

(a) The current portion of the unsecured debt carries an interest rate of 12% per annum and is due for repayment in 2021.

9. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

As at, September 30, 2021, the following shares of common stock were issued and outstanding:

	Number of shares		**Value**	
As at,	**30-Sept-21**	31-Dec-20	**31-Sept 21**	31-Dec-20
Equity shares	**1,532,738,419**	419,504,269	**$39,903,523**	$15,375,821

Movement in equity shares is as follows:

	Number of shares Sept-30-21	**Value Sept-30-21**	**Number of shares Dec-31-20**	**Value Dec-31-20**
Opening balance	**419,504,269**	**15,375,821**	76,999,590	8,644,159
Shares issued during the year towards settlement of liabilities	**881,139,588**	**19,014,319**	340,479,679	6,707,012
Shares issued during the year for cash	**231,844,562**	**5,509,633**	2,000,000	40,000
Shares issued towards exercise of warrants			525,000	9,650
Shares issued towards DSU			500,000	25,000
Shares issued towards exercise of options	**250,000**	**3,750**		
Shares cancelled during the year			-1,000,000	-50,000
	1,532,738,419	**39,903,523**	419,504,269	15,375,821

9. SHARE CAPITAL (continued)

Shares to be issued/Contributed surplus

Included in the Company's shareholders' deficit was a balance of $232,616 classified as shares to be issued. This amount was transferred to contributed surplus as the Company would not be issuing shares on account of termination of the underlying agreement due to certain breaches by the counterparty.

10. SHARE-BASED PAYMENT RESERVE

Share Option Plan

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed 15% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must always comply with the policies of the Canadian Stock Exchange and the Plan.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of ten years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

	Number of options	Weighted average exercise price ($)
Balance at December 31, 2019	**14,610,000**	**0.21**
Issued August 6, 2020	900,000	0.015
Issued November 22, 2020	1,000,000	0.01
Issued November 30, 2020	22,000,000	0.01
Balance at December 31, 2020	**38,510,000**	**0.21**
Exercised February 24, 2021	(250,000)	0.015
Issued June 25, 2021	19,000,000	0.05
Balance at June 30, 2021	**57,260,000**	**0.21**

On August 6, 2020, the Company granted 900,000 stock options with an exercise price of $0.015 per share for a period of 10 years from the date of grant. The August 6, 2020, options were fully vested on issuance. On November 22, 2020, the Company granted 1,000,000 stock options with an exercise price of $0.01 per share for a period of 10 years from the date of grant. The November 22, 2020, options were fully vested on issuance. On November 30, 2020, the Company granted 22,000,000 stock options with an exercise price of $0.01 per share for a period of 10 years from the date of grant. The November 30, 2020, options were fully vested on issuance.

On February 24, 2021, 250,000 options were exercised for common shares at an exercise price of $0.015. On June 25, 2021, the Company granted 19,000,000 stock options with an exercise price of $0.05 per share for a period of 10 years from the date of grant. The June 25, 2021, options were fully vested on issuance.

10. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes the exercise price of outstanding and exercisable stock options as at, September 30, 2021:

Expiry Date	Number of options		Exercise Price	Remaining Life (Years)	Number of Options Exercisable
January 1, 2023	610,000	$	0.15	1.51	610,000
January 27, 2033	50,000	$	0.15	1.58	50,000
July 1, 2023	50,000	$	0.30	2.00	50,000
July 24, 2023	50,000	$	0.30	2.56	50,000
July 26, 2023	50,000	$	0.30	2.07	50,000
January 1, 2024	200,000	$	1.00	2.51	200,000
February 27, 2024	50,000	$	0.95	2.66	50,000
January 19, 2025	25,000	$	0.89	3.56	25,000
May 29, 2025	100,000	$	0.60	3.92	100,000
April 28, 2026	25,000	$	0.15	4.83	25,000
April 29, 2026	50,000	$	0.15	4.83	50,000
July 4, 2026	500,000	$	0.31	5.01	500,000
January 10, 2028	1,350,000	$	0.30	6.53	1,350,000
August 1, 2028	750,000	$	0.22	7.09	750,000
August 7, 2028	2,000,000	$	0.18	7.11	2,000,000
October 12, 2028	50,000	$	0.18	7.29	42,500
April 22, 2029	700,000	$	0.09	7.82	640,000
April 26, 2029	300,000	$	0.12	7.83	300,000
May 1, 2029	100,000	$	0.10	7.84	55,000
December 9, 2029	7,600,000	$	0.18	8.45	4,015,000
August 6, 2030	650,000	$	0.015	9.11	650,000
November 22, 2030	1,000,000	$	0.05	9.40	1,000,000
November 30, 2030	22,000,000	$	0.05	9.42	22,000,000
June 25, 2031	19,000,000	$	0.05	9.99	19,000,000
Balance, June 30, 2021	**57,260,000**	**$**	**0.09**	**9.11**	**53,562,500**

The fair values of stock options issued in 2021 were estimated using the Black-Scholes option pricing model with the following assumptions:

	Options 25-Jun-21
Assumptions	
Volatility	311%
Risk-free interest rate	1.75%
Expected life (years)	10
Dividend yield	Nil
Forfeiture rate	0%
Exercise Price	$0.05
Share Price	$0.025

10. SHARE-BASED PAYMENT RESERVE (continued)

The fair values of stock options issued in 2020 were estimated using the Black-Scholes option pricing model with the following assumptions:

	Options 06-Aug-20	**Options 22-Nov-20**	**Options 30-Nov-20**
Assumptions			
Volatility	240%	289%	304%
Risk-free interest rate	1.75%	1.75%	1.75%
Expected life (years)	10	10	10
Dividend yield	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%
Exercise Price	$0.02	$0.01	$0.01
Share Price	$0.02	$0.01	$0.01

Deferred Share Units

The Board of Directors of the Company adopted a deferred share unit plan (the “DSU Plan"). The DSU Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with the policies of the Canadian Stock Exchange and the Plan.

The terms of any DSU’s granted under the DSU Plan are fixed by the Board of Directors. Deferred Share Unit’s (DSU’s) have a right to share in common dividends if any are authorized after the DSU’s become vested in accordance with their terms. DSU’s have no voting rights. Upon cessation of service, the holder of a DSU may request that the DSU’s be redeemed by the Company at the then current market price for the stock, at which time the Company may redeem the DSU’s either by cash payment or, upon regulatory approval, by delivery of shares of stock of the Company equivalent to the number of shares specified in the DSU. Any DSU’s not vested at the time of a cessation of service will expire. If any of the DSU’s expire prior to vesting, the compensation expense will be reduced.

On November 2, 2020, the Company issued 5,000,000 DSU’s. 10% November 2, 2020 DSU’s vested on issuance, 30% vest on the 1st anniversary, 30% on the second anniversary and the remaining 30% on the third anniversary.

On June 25, 2021, the Company issued 7,000,000 DSU’s which vested upon issuance.

The fair value of the DSU’s granted in 2021 and 2020 were valued based on the fair market value of one common share on the date of issuance.

As of September 30, 2021, 23,500,000 DSU’s were outstanding and 16,375,000 DSU’s were exercisable.

11. WARRANT RESERVE

	Number of Warrants	Weighted average exercise price ($)
Balance, December 31, 2019	**20,096,841**	**0.24**
Warrants expired January 5, 2020	(1,350,000)	0.05
Warrants exercised January 9, 2020	(525,000)	0.05
Warrants expired May 16, 2020	(156,844)	0.18
Warrants expired July 20, 2020	(1,842,574)	0.18
Warrants issued August 12, 2020	2,000,000	0.10
Warrants issued December 31, 2020	34,370,707	0.05
Balance, December 31, 2020	**52,593,130**	**0.12**
Warrants expired November 20, 2020	(84,000)	0.30
Warrants issued February 4, 2021	22,420,812	0.05
Warrants issued March 21, 2021	95,400,000	0.075
Warrants issued March 30, 2021	13,000,000	0.10
Warrants expired May 8, 2021	(2,350,548)	0.30
Warrants issued June 18, 2021	24,889,118	0.07
Warrants expired July 2, 2021	(6,790,784)	0.30
Warrants issued July 16, 2021	2,632,835	0.05
Warrants issued July 23, 2021	10,054,167	0.05
Warrants issued September 3, 2021	29,076,923	0.50
Balance, September 31, 2021	**240,841,653**	**0.12**

(a.) On January 5, 2020, 525,000 Private Placement warrants were exercised into a common share of the Company at $0.05 per warrant.

(b.) On August 11, 2020, the Company issued 2,000,000 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.10 per warrant. The Private Placement warrants expire on Aug 11, 2022.

(c.) On December 31, 2020, the Company issued 34,370,707 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.05 per warrant. The Private Placement warrants expire on December 31, 2022.

(d.) On February 4,2021, the Company issued 22,420,812 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.05 per warrant. The Private Placement warrants expire on February 4, 2023.

(e.) On March 21,2021, the Company issued 95,400,000 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.075 per warrant. The Private Placement warrants expire on March 21, 2023.

(f.) On March 30,2021, the Company issued 13,000,000 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.10 per warrant. The Private Placement warrants expire on March 30, 2023.

(g.) On June 18,2021, the Company issued 24,889,118 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.10 per warrant. The Private Placement warrants expire on June 18, 2023.

(h.) On July 9, 2021, the Company amended the expiry date of 784,220 outstanding Common Share purchase warrants that were issued on July 24, 2018 (the "July 24 Warrants"). Each July 24 Warrant entitles the holder to purchase one Common Share at a price of $0.30 per Common Share by July 24, 2021. Subject to Canadian Securities Exchange approval, the July 24 Warrant Expiry Date will be extended to July 24, 2022. All other terms of the July 24 Warrants will remain the same. The Corporation has also amended the expiry date of 6,212,871 outstanding Common Share purchase warrants that were issued on July 30, 2018 (the "July 30 Warrants"). Each July 30 Warrant currently entitles the holder to purchase one Common Share at a price of $0.30 per Common Share by July 30, 2021 (the "July 30 Warrant Expiry Date"). Subject to Canadian Securities Exchange approval, the July 30 Warrant Expiry Date will be extended to July 30, 2022. All other terms of the July 30 Warrants will remain the same.

11. WARRANT RESERVE (continued)

(i.) On July 5, 2021, the Company had 6,790,784 Private Placement warrants at $0.30 per warrant expire.
(j.) On July 16, 2021, the Company issued 2,632,845 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.05 per warrant. The Private Placement warrants expire on July 16, 2023.
(k.) On July 23, 2021, the Company issued 10,054,167 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.05 per warrant. The Private Placement warrants expire on July 23, 2023.
(l.) On September 3, 2021, the Company issued 29,076,923 Private Placement warrants with each warrant exercisable into a common share of the Company at $0.05 per warrant. The Private Placement warrants expire on September 3, 2023.

The following is a summary of warrants as at, September 30, 2021:

Expiry date	Warrants	Price	Remaining Life (Years)
July 4, 2021	6,790,784	$ 0.30	-
July 30, 2021	6,997,091	$ 0.30	0.08
August 11, 2022	2,000,000	$ 0.10	1.12
December 31, 2022	34,370,707	$ 0.05	1.50
February 4, 2023	22,420,812	$ 0.05	1.60
March 21, 2023	95,400,000	$ 0.075	1.72
March 30, 2023	13,000,000	$ 0.10	1.75
June 18, 2023	24,889,118	$ 0.07	1.97
July 5, 2021	(6,790,784)	$ 0.30	-
July 16, 2021	2,632,835	$ 0.05	1.79
July 23, 2021	10,054,167	$ 0.05	1.81
September 3, 2021	29,076,923	$ 0.05	1.93
Total	**240,841,653**	**$ 0.12**	**1.53**

The fair values of warrants issued in 2021 were estimated using the Black-Scholes option pricing model under the following assumptions:

Assumptions	Warrant Feb-4-2021	Warrant Mar-21-2021	Warrant Mar-30-2021	Warrant Jun-18-2021
Volatility	311.07%	311.07%	311.07%	311.07%
Risk-free interest rate	0.380%	0.380%	0.380%	0.380%
Expected life (years)	1	2	2	2
Dividend yield	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%
Exercise price	$0.05	$0.05	$0.050	$0.05
Share price	$0.07	$0.04	$0.04	$0.20
Fair value	$1,524,615	$3,243,600	$507,000	$472,893

The fair values of warrants issued in 2020 were estimated using the Black-Scholes option pricing model under the following assumptions:

11. WARRANT RESERVE (continued)

	Warrants August 11, 2020	Warrants December 31, 2020
Assumptions		
Volatility	246.15%	31126%
Risk-free interest rate	1.75%	1.75%
Expected life (years)	10	10
Dividend yield	Nil	Nil
Forfeiture rate	0%	0%
Exercise Price	$0.10	$0.05
Share Price	$0.15	$0.01

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended September 30, 2021, was based on the loss attributable to common shareholders of $21,946,955 (2020 – loss of $8,638,240) and the weighted average number of common shares outstanding of 1,091,899,552 (2020 – 169,417,260). Diluted loss per share did not include the effect of stock options DSU's and warrants as they are anti-dilutive.

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2019 – 26.5%) to the effective tax rate is as follows:

		2020		2019
Net loss before recovery of income taxes	$	**8,638,240**	$	4,124,071
Expected income tax recovery	$	**-2,286,234**	$	-1,092,879
Differences in foreign tax rates		**8,198**		4,283
Share based compensation and non-deductible expenses		**338,160**		607,236
Share issuance costs		**-**		-1,113
Tax benefits and losses not recognized		**-1,939,876**		482,473
Income tax expense	$	-	$	-

13. INCOME TAXES

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2020		2019
Property, plant and equipment	$	**15,845**	$	14,428
Intangible asset		**22,142**		56,593
Share issuance costs		**-**		256,369
Non-capital losses carried forward – Canada		**15,078,011**		8,848,512
Non-capital losses carried forward – US		**999,151**		507,073

Share issue and financing costs were fully amortized during the year. The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company has $15,078,011 in Canadian non-capital income tax losses expiring between 2027 and 2040. The Company has $999,151 in US non-capital income tax losses that can be carried forward indefinitely.

14. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2021, officers, directors, and key management personnel received compensation totaling $1,062,595 (December 31, 2019 - $437,579). Management compensation has been included in the marketing, general and administrative account:

As at		**September 30, 2021**		December 31, 2020
Consulting fees	**$**	**506,715**	$	145,000
Accounting fees		**105,880**		57,400
Share-based compensation		**450,000**		235,179
	$	**1,062,595**	$	437,579

As at, September 30, 2021, included in accounts payable and accrued liabilities is $52,613 (December 31, 2020 – $10,287) due to related parties for consulting services.

15. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables. Management believes that the credit risk with respect to cash is remote as it maintains accounts with highly rated financial institutions. Management deems the credit risk with respect to its other receivables to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions, generally, or related to matters specific to the Company. The Company is still in its stage of development and as such manages its cash reserves and is dependent on raising cash from financing activities. As at, September 30, 2021, the Company had a cash balance of $215,909 (December 31, 2019 - $62,819) to settle current liabilities of $1,587,888 (December 31, 2020 - $1,678,796) (Note 1).

All the Company's financial liabilities classified as current liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company cannot ensure there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's cash holdings. The Company is currently implementing its business plan to generate recurring revenue and is concurrently seeking additional sources of funding to settle short-term liabilities, and short-term cash requirements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities.

Due to the short-term nature of the Company's financial instruments paired with fixed interest rates for which are imposed on the Company, fluctuations in market rates do not have a significant impact on the estimated fair values.

Foreign currency risk

The Company's functional currency is the Canadian Dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations and administrative expenses in the United States on a cash basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada and maintains a checking account in the US that is funded primarily with transfers from its Canadian accounts. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollar compared to the Canadian dollar would affect the Company's equity by $25,012 (2020 – $1,762) with all other variables held constant.

15. FINANCIAL RISK FACTORS (continued)

Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risks.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital, defined as shareholders' equity, are to safeguard the Company's ability to continue as a going concern (Note 1) to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

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 the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors has not yet established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. There have been no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

17. SEGMENT REPORTING

Operating segments were identified based on internal reporting reviews that are performed. Two segments were identified based on the operational activities and the reporting structure of the Company. Assets, liabilities, revenue, and operating expenses within each segment are as follows:

As at, September 30, 2021

	Canada	United States	Total
Assets	$ 204,948	$ 3,021,868	$ 3,226,816
Liabilities	1,301,627	286,261	1,587,888
Revenue	-	- 229,865	229,865
Operating expenses	20,077,232	1,887,100	21,964,332

18. SUBSEQUENT EVENTS

The Company issued a non-convertible promissory note against a loan of $215,000, bearing interest at 8% per annum repayable by the Company within 91 days of issuance.

19. RECLASSIFICATION OF COMPARATIVES

Certain prior period amounts in the consolidated statement of income, consolidated statement of cash flows and comprehensive income have been reclassified to conform with the current period presentation. These reclassifications have no effect on the reported results.