SPONSORSONE INC.

Condensed Interim Consolidated Financial Statements

For the three months ending March 31, 2022

(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.

May 30, 2022

"Myles Bartholomew" (signed)
Myles Bartholomew, CEO

"Charles Sung" (signed)
Charles Sung, CFO

SPONSORSONE INC.

Consolidated Interim Statements of Financial Position
As at, March 31, 2022 (Unaudited)

	Note	March 31, 2022	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents		$ **10,915**	$ 4,487
Accounts Receivable	**3**	**7,009**	29,213
Other non financial assets	**5**	**2,863,330**	115,161
Inventory	**4**	**393,082**	349,031
		3,274,335	497,892
Non Current assets:			
Property, plant & equipment	**6**	**63,497**	66,899
		3,337,832	564,791
Liabilities and Equity			
Current liabilities:			
Trade and other payables	**7 & 14**	**1,635,781**	1,535,352
Note payable	**8**	**1,109,546**	740,376
Current portion of long-term debt	**8**	**50,000**	50,000
		2,795,327	2,325,728
Equity			
Share capital	**9**	**40,887,594**	37,835,572
Contributed surplus	**9**	**1,862,696**	1,862,696
Share-based payment reserve	**10**	**4,240,215**	4,204,160
Warrant reserve	**11**	**4,787,760**	4,787,760
Equity adjustment from foreign currency translation		**(84,854)**	(32,104)
Accumulated deficit		**(51,150,906)**	(50,419,021)
		542,505	(1,760,937)
		$ 3,337,832	$ 564,791

Nature of Operations and Going Concern – *Note 1*
Subsequent Event – *Note 17*

Approved on behalf of the Board:

"Myles Bartholomew"	"Gary Bartholomew"
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 three months ended March 31, 2022 (Unaudited)

	Note	For the period ended March 31, 2022	For the period ended March 31, 2021
Revenues		**$ 26,287**	$ -
Cost of goods sold		**(20,871)**	-
		5,416	-
Operating expenses:			
Marketing Consultancy		**320,202**	7,450,520
Administrative & General		**350,200**	1,046,965
Share based Compensation		**36,075**	-
Research and development		**13,549**	-
Depreciation	**6**	**3,402**	6,425
Total operating expenses		**723,428**	8,503,910
Loss before finance expense and other gains / (losses)		**(718,011)**	(8,503,910)
Finance expense		**13,874**	2,042
Net loss		**(731,885)**	(8,505,952)
Other comprehensive loss			
Translation (gain)/losses		**52,750**	-
Total comprehesive loss for the year		**$ (784,635)**	$ (8,505,952)

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company

	Note		
Weighted average number of common shares	**11**	**1,836,875,037**	760,275,244
Loss per share - basic and diluted	**11**	**$ (0.000)**	$ (0.01)

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

SPONSORSONE INC.

Consolidated Interim Statements of Changes in (Deficit) Equity
For the three months ended March 31, 2022 (Unaudited)

	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, 2021	1,688,540,535	$ 37,835,572	$ -	$ -	$ 1,862,696	$ 4,204,160	$ 4,787,760	$ (32,104)	$(50,419,021)	$ (1,760,937)
Shares issued for services, net	305,202,187	3,052,022	-	-	-	-	-	-	-	3,052,022
Share-based payments	-	-	-	-	-	36,055	-	-	-	36,055
Net loss for the period	-	-	-	-	-	-	-	(52,750)	(731,885)	(784,635)
Balance at March 31, 2022	**1,993,742,722**	**$ 40,887,594**	**$ -**	**$ -**	**$ 1,862,696**	**$ 4,240,215**	**$ 4,787,760**	**$ (84,854)**	**$ (51,150,906)**	**$ 542,505**

	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
Fair value of warrants issue in private placements	-	(3,629,723)	-	-	-	-	3,629,723	-	-	-
Options exercised	250,000	7,500	-	-	-	(3,750)	-	-	-	3,750
Shares issued in settlement of liabilities (net)	1,036,941,704	20,572,341	-	-	-	-	-	-	-	20,572,341
Share-based payments	-	-	-	-	-	716,221	-	-	-	716,221
Cancellation of warrants	-	-	-	-	1,630,080	-	(1,630,080)	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(30,530)	(26,834,260)	(26,864,790)
Balance at December 31, 2021	**1,688,540,535**	**$ 37,835,572**	**$ -**	**$ -**	**$ 1,862,696**	**$ 4,204,160**	**$ 4,787,760**	**$ (32,104)**	**$ (50,419,021)**	**$ (1,760,937)**

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

SPONSORSONE INC.

Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2022 (Unaudited)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Cash flows from operating activities:		
Net loss for the year	**$ (731,885)**	$ (8,505,951)
Adjustments for:		
Depreciation	**3,402**	6,757
Share-based compensation	**36,055**	-
Finance cost	**12,394**	2,042
Foreign exchange	**(52,750)**	(28,681)
Adjustment for expenses settled by issue of shares (refer note 9)	**3,052,022**	7,984,128
Change in non-cash operating working capital		
Other receivables & prepaids	**(2,748,168)**	32,357
Receivables	**22,204**	-
Inventory	**(44,051)**	(807,656)
Trade and other payable	**100,429**	(35,746)
	(350,348)	(1,352,750)
Cash flows from financing activities:		
Proceeds from issuance of note payable	**356,776**	159,511
Proceeds from private placement, net	**-**	3,602,915
Proceeds from the exercising of warrants, options & DSU	**-**	3,750
Proceeds from shares subscribed, not issued	**-**	(343,707)
	356,776	3,422,469
Increase (decrease) in cash and cash equivalents	**6,428**	2,069,719
Cash and cash equivalents, beginning of the year	**4,487**	62,819
Cash and cash equivalents, end of the year	**$ 10,915**	$ 2,132,538

Non-cash financing activities:

The Company issued 305,202,187 common shares during the three months ended March 31, 2022 for $3,052,022 worth of expenses. The expenses are for marketing and consulting fees. $2,746,820 was recorded as prepayments for future services and the remaining $305,202 was expensed.

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. On February 23, 2022, SponsorsOne Media was dissolved of operations.

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 on March 17, 2021, under the laws of the State of Delaware United States of America. This is a wholly owned subsidiary of S1 Brands 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 in the alcohol, functional beverage and hemp sectors.

These consolidated financial statements were authorized by the Board of Directors of the Company on May 30, 2022.

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 quarter ending March 31, 2022, the Company has generated a net loss $731,885 (March 31, 2021 - $8,505,951) and had a working capital of $479,008 (December 31, 2021 – deficit of $1,827,836).

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 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.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Going Concern (continued)

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.

In early 2020, there was a global outbreak of COVID-19, which continues to rapidly evolve. In general, the COVID-19 has accelerated the adoption of online purchasing activities like our business. However, the extent to which the COVID-19 coronavirus may impact the Company's operations will be dependent on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, and social distancing in Canada and other countries, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease.

Starting in early 2020, Canada and US, in which the Company is located and operated, has implemented varying levels of shutdowns and lockdowns of businesses. The Company has seen operations affected with regards to shifting customer demands, supply chain management issues, and safety measures required for staff and premises. To date, Canada and US have lifted most of restrictions.

2. BASIS OF PREPARATION

a) Statement of Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements as at and for the three months ended March 31, 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The disclosure contained in these interim condensed consolidated financial statements does not include all the requirements in IAS 1 Presentation of Financial Statements ("IAS 1"). Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2021, which include information necessary to understand the Company's business and financial statement presentation.

b) 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.

All intercompany group transactions, balances, income and expenses are eliminated in full on consolidation.

2. BASIS OF PREPARATION (continued)

c) Basis of measurement

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of these interim condensed consolidated financial statements in conformity with IFRS as issued by the IASB requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These interim condensed consolidated financial statements have been prepared in their functional currency on a historical cost basis except for long-term liabilities, loans receivable, and derivatives, which are measured at amortized cost or fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

d) Summary of significant accounting policies

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as presented in Note 2 of the annual consolidated financial statements of the Company as at and for the year ended December 31, 2021, except for those newly adopted accounting standards noted below.

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) 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. 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 were determined to be the Canadian dollar ("CAD").

2. BASIS OF PREPARATION (continued)

f) Standards issued but not yet effective

Changes and amendments to the following accounting standards applicable for the Company will be effective in future years and are not expected to have a significant impact:

IAS 1 — Presentation of Financial Statements
IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
IAS 12 — Income Taxes
IAS 16 — Property, Plant and Equipment
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets

3. ACCOUNTS RECEIVABLE

		March 31, 2022		December 31, 2021
Accounts Receivables	**$**	**7,009**	$	29,213.00
Other receivables & Prepaids	**$**	**7,009**	$	29,213.00

4. INVENTORY

		March 31, 2022		December 31, 2021
Finished Goods	**$**	**393,082**	$	349,031
Raw Materials	**$**	**-**	$	-
	$	**393,082**	$	349,031

5. OTHER NON-FINANCIAL ASSETS

		March 31, 2022		December 31, 2021
HST receivable	**$**	**62,359**	$	55,216
Prepayments		**2,800,971**		59,945
	$	**2,863,330**	$	115,161

The Company issued 305,202,187 common shares during the three months ended March 31, 2022 for $3,052,022 worth of expenses. The expenses are for marketing and consulting fees. $2,746,820 was recorded as prepayments for future services and the remaining $305,202 was expensed.

6. PROPERTY, PLANT AND EQUIPMENT

		Electronic equipment		Marketing vehicle		Total
Cost						
At December 31, 2020	$	60,615	$	232,446	**$**	**293,061**
Additions for the period		-		-		**-**
Foreign currency translation		171		-		**171**
Balance at December 31, 2021	$	60,786	$	232,446	**$**	**293,232**
Additions for the period		-		-		**-**
Foreign currency translation		-		-		**-**
Balance at March 31, 2022	**$**	**60,786**	**$**	**232,446**	**$**	**293,232**
Accumulated depreciation						
At December 31, 2020	$	26,266	$	151,940	**$**	**178,206**
Additions for the period		33,883		13,607		**47,490**
Foreign currency translation		637				**637**
Balance at December 31, 2021	$	60,786	$	165,547	**$**	**226,333**
Additions for the period		-		3,402		**3,402**
Foreign currency translation		-				**-**
Balance at March 31, 2022	**$**	**60,786**	**$**	**168,949**	**$**	**229,735**
Net book value						
At March 31, 2022	**$**	**-**	**$**	**63,497**	**$**	**63,497**
At December 31, 2021	$	-	$	66,899	$	66,899

7. TRADE AND OTHER PAYABLES

Accounts payable and accrued liabilities are comprised of the following:

		March 31, 2022		December 31, 2021
Accounts payable	**$**	**1,306,801**	$	1,259,212
Accrued liabilities		**328,595**		275,755
HST/GST payable		**385**		385
	$	**1,635,781**	$	1,535,352

8. NOTE PAYABLE AND DEBT

As at, March 31, 2022, notes payable consists of the following:

a) The note payable balance includes an unsecured note amounting to $38,825 which has interest of 6% per annum. The note is due as at the period. The Company is negotiating an extension with the debt holder.

b) The note payable balance includes an unsecured note amounting to $12,942 which has interest of 6% per annum. The note is due as at the period. The Company is negotiating an extension with the debt holder.

c) The note payable balance includes an unsecured note amounting to $260, 329 which has interest of 4% per annum. The note is due as at the period. The Company is negotiating an extension with the debt holder.

d) The note payable balance includes an unsecured note amounting to $223,529 which has interest of 8% per annum with a maturity of 183 days from the balance sheet date.

e) The note payable balance includes an unsecured note amounting to $160,960 which has interest of 6% per annum with a maturity of 99 days from the balance sheet date.

f) The note payable balance includes an unsecured note amounting to $53,908 which has interest of 6% per annum. The note is due as at the period. The Company is negotiating an extension with the debt holder.

g) The note payable balance includes an unsecured note amounting to $276,926 which has interest of 6% per annum with a maturity of 139 days from the balance sheet date.

h) The note payable balance includes an unsecured note amounting to $58,159 which has interest of 8% per annum with a maturity of 62 days from the balance sheet date.

i) The note payable balance includes an unsecured note amounting to $23,968 which has interest of 8% per annum with a maturity of 77 days from the balance sheet date.

Debt:

(a) The unsecured long-term debt carries an interest rate of 12%.

9. SHARE CAPITAL

Authorized:

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

The Company issued 305,202,187 common shares during the three months ended March 31, 2022 for $3,052,022 worth of expenses. The expenses are for marketing and consulting fees. $2,746,820 was recorded as prepayments for future services and the remaining $305,202 was expensed as marketing expenses.

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.

10. SHARE-BASED PAYMENT RESERVE (continued)

Share Option Plan (continued)

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, 2020	**38,510,000**	**0.09**
Exercised February 24, 2021	(250,000)	0.015
Issued June 25, 2021	18,000,000	0.05
Balance at December 31, 2021 and March 31, 2022	**56,260,000**	**0.08**

On June 25, 2021, the Company granted 18,000,000 stock options with an exercise price of $0.05 per share for a period of 10 years from the date of grant.

No options were granted, exercised, cancelled/forfeited during the three months ended March 31, 2022

For the three months ended March 31, 2022, $8,871 of stock-based compensation expense was recorded for the fair value of stock options vested.

The following table summarizes the exercise price of outstanding and exercisable stock options as at, March 31, 2022:

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	50,000
April 22, 2029	700,000	$	0.09	7.82	670,000
April 26, 2029	300,000	$	0.12	7.83	300,000
May 1, 2029	100,000	$	0.10	7.84	70,000
December 9, 2029	7,600,000	$	0.18	8.45	5,320,000
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	18,000,000	$	0.05	9.99	18,000,000
Balance, March 31, 2022	**56,260,000**	**$**	**0.08**	**8.55**	**53,920,000**

10. SHARE-BASED PAYMENT RESERVE (continued)

The fair value 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	201%
Risk-free interest rate	1.45%
Expected life (years)	10
Dividend yield	Nil
Forfeiture rate	0%
Exercise Price	$0.05
Share Price	$0.020

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 March 19, 2021 and June 25, 2021, the Company issued 1,000,000 and 6,000,000 DSUs, respectively. The March 19 DSUs would vest over 4 years and the Jun 25, 2021 DSUs vested immediately.

As of March 31, 2022, 23,500,000 DSUs (December 31, 2021 – 23,500,000) were outstanding and 17,550,000 DSU's were exercisable (December 31, 2021 – 17,300,000). No new DSUs were issued during the three months ended March 31, 2022. For the three ended March 31, 2022, $27,204 of stock-based compensation was recorded for the fair value of DSU's vested.

11. WARRANT RESERVE

	Number of Warrants	Weighted average exercise price ($)
Balance, December 31, 2020	**52,593,130**	**0.12**
Warrants expired November 20, 2020	(84,000)	0.05
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	0.1
Warrants expired May 8, 2021	(2,350,548)	0.15
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	0.05
Balance, December 31, 2021 & March 31, 2022	**240,841,653**	**0.07**

11. WARRANT RESERVE (continued)

(a.) 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.
(b.) 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.
(c.) 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.
(d.) 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 $0.07 per warrant. The Private Placement warrants expire on June 18, 2023.
(e.) On July 16, 2021, the Company issued 2,632,835 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.
(f.) 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.
(g.) 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, March 31, 2022:

Expiry date	Number of Warrants		Exercise Price	Remaining Life (Years)
July 30, 2022	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 16, 2023	2,632,835	$	0.05	1.79
July 23, 2023	10,054,167	$	0.05	1.81
September 3, 2023	29,076,923	$	0.05	1.93
Total	**240,841,653**	**$**	**0.07**	**1.25**

11. WARRANT RESERVE (continued)

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

Assumptions	Warrant 4-Feb-21	Warrant 21-Mar-21	Warrant 30-Mar-21	Warrant 18-Jun-21	Warrant 16-Jul-21	Warrant 23-Jul-21	Warrant 3-Sep-21
Volatility	264.13%	271.10%	270.66%	273.57%	276.27%	277.10%	280.00%
Risk-free interest rate	0.19%	0.26%	0.23%	0.45%	0.43%	0.45%	0.39%
Expected life (years)	2	2	2	2	2	2	2
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%	0%	0%	0%
Exercise price	$0.05	$0.075	$0.10	$0.07	$0.05	$0.05	$0.05
Share price	$0.008	$0.026	$0.026	$0.018	$0.010	$0.010	$0.016

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2022, was based on the loss attributable to common shareholders of $3,478,705 (March 31, 2021 – loss of $8,505,910) and the weighted average number of common shares outstanding of 1,836,875,037 (March 31, 2021 – 760,275,244). Diluted loss per share did not include the effect of stock options, DSUs and warrants as they are anti-dilutive.

13. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2022, the Company incurred compensations to officers, directors, and key management personnel totaling $77,350 (March 31, 2021 - $307,495). Management compensation has been included in the marketing, general and administrative account:

For the three months ended	**March 31, 2022**	March 31, 2021
Consulting fees	**$ 77,350**	$ 201,615
Accounting fees	**-**	105,880
	$ 77,350	$ 307,495

As at, March 31, 202, included in accounts payable and accrued liabilities is $15,802 (December 31, 2021 – $37,672) due to related parties for consulting services.

During the year ended December 31, 2021, the Company issued 39,175,816 shares to settle amounts due to related parties of $391,758. None during the three months ended March 31, 2022.

During the year ended December 31, 2021, the Company issued 18,000,000 stock options and 6,000,000 DSU's to officers and directors of the Company. None during the three months ended March 31, 2022.

14. 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.

14. FINANCIAL RISK FACTORS (continued)

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 March 31, 2022, the Company had a cash balance of $10,915 (December 31, 2021 - $4,487) to settle current liabilities of $2,795,327 (December 31, 2021 - $2,325,728) (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 in order 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 $12,449 (December 31, 2021 – $21,822) with all other variables held constant.

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.

15. 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.

16. 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, March 31, 2022

		Canada		United States		Total
Assets	$	168,533	$	422,479	$	591,012
Liabilities	$	(2,245,387)	$	$ (549,940)	$	(2,795,327)
Revenue	$	-	$	26,287	$	26,287
Operating expenses	$	3,316,822	$	153,425	$	3,470,247

As at, December 31, 2021

		Canada		United States		Total
Assets	$	164,698	$	399,708	$	564,406
Liabilities	$	1,761,011	$	564,727	$	2,325,738
Revenue	$	-	$	256,017	$	256,017
Operating expenses	$	22,347,725	$	4,444,112	$	26,791,837

17. SUBSEQUENT EVENTS

The Company received total of CA$37,000 proceeds from issuance of promissory notes subsequent to quarter one close. These notes are unsecured, bear 6% interest rate and with 90 – 180 days maturity.