UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Fiscal year ended December 31, 2021

For the transition period from ______________________________ to __________

Commission file number 000-56191

ParcelPal Logistics Inc.

(Exact name of Registrant as specified in its charter)
Not Applicable
(Translation of Registrant's name into English)
British Columbia, Canada
(Jurisdiction of incorporation or organization)
1111 Melville Street, Suite 620, Vancouver, BC V6A 2S5, Canada
(Address of principal executive offices)
Rich Wheeless
Rich@parcelpal.com
(Tel. (587) 883 9811

1111 Melville Street, Suite 620, Vancouver, BC V6A 2S5, Canada
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.
None
Securities registered or to be registered pursuant to Section 12(g) of the Act.
Common Shares

*Not for trading, but only in connection with the registration of American Depositary Shares. Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding Common Shares of the issuer as at December 31, 2021, was 155,838,733.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If 'Other' has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

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FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes forward-looking statements, which involve a number of risks and uncertainties. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "may," "will," "intend," "plan," "believe," "anticipate," "expect," "estimate," "predict," "potential," "continue," "likely," or "opportunity," the negative of these words or other similar words. Similarly, statements that describe our future plans, strategies, intentions, expectations, objectives, goals or prospects and other statements that are not historical facts are also forward-looking statements. Discussions containing these forward-looking statements may be found, among other places, in "Business Overview" and "Operating and Financial Review and Prospects" in this annual report on Form 20-F. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include, without limitation, those discussed in "Risk Factors" and in "Operating and Financial Review and Prospects" of this annual report. In addition, past financial or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we undertake no obligation to update publicly or revise our forward-looking statements to reflect events or circumstances that arise after the filing of this annual report on Form 20-F.

In this annual report on Form 20-F, "ParcelPal," "Company," "we," "us" and "our" refer to ParcelPal Logistics Inc., unless the context otherwise provides.

IMPLICATIONS OF BEING A FOREIGN PRIVATE ISSUER

We report under the Exchange Act as a non-U.S. company with foreign private issuer ("FPI") status. So long as we qualify as an FPI under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Securities Exchange Act of 1934 (the "Exchange Act") regulating the solicitation of proxies in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission (the "SEC") of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

We may take advantage of these exemptions until such time as we are no longer an FPI. We would cease to be an FPI at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our executive officers or directors are U.S. citizens or residents, (ii) more than 50% of our assets are located in the United States or (iii) our business is administered principally in the United States.

EMERGING GROWTH COMPANY

According to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), we qualified as an emerging growth company at the time we first submitted our registration statement on Form 20-F to the SEC and, accordingly, we would be eligible to comply with reduced disclosure requirements applicable to emerging growth companies for up to five years or such earlier time that we would no longer be an emerging growth company. We would cease to be an emerging growth company if we had $1.07 billion in annual gross revenues or more, more than $700 million in market value of the common shares held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period. These reduced disclosure requirements and exemptions would include:

- the ability to include only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;

- to the extent that we no longer qualify as a foreign private issuer ("FPI"), reduced disclosure obligations regarding executive compensation in this annual report and other periodic reports or registration statements; and

- an exemption from compliance with the requirement that the Public Company Accounting Oversight Board has adopted regarding a supplement to the auditor's report providing additional information about the audit and the financial statements for this annual report and other periodic reports or registration statements.

However, even though we qualify as an emerging growth company, we have determined not to avail ourselves of these scaled disclosure requirements at this time and to instead comply with the foreign private issuer rules which are set forth in above.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

A. Directors and Senior Management

For the names, business addresses and functions of our directors and senior management, see “Item 6. Directors, Senior Management and Employees – A. Directors and Senior Management” and “Item 6. Directors, Senior Management and Employees – C. Board Practices.”

B. Advisers

Our principal legal adviser is Rimôn P.C., 100 Park Avenue, 16th Floor, New York, NY 10017.

C. Auditors

Our auditors for the years 2019 and 2020 were Dale Matheson Carr-Hilton Labonte LLP. Our auditor for the year 2021 was BF Borgers CPA PC.

Item 2. Offer Statistics and Expected Timetable

Item 2 details are not required to be disclosed as part of the annual report.

Item 3. Key Information

A. Selected financial data

The selected financial data have been derived from the financial statements of the Company for and as of the years ended December 31, 2021, 2020, and 2019 included in this annual report.

This financial report complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been audited in accordance with the Public Company Accounting Oversight Board (“PCAOB”) auditing standards in the United States by the Company’s independent registered public accounting firm. The Company’s year ends on December 31.

Summary of profit or loss and other comprehensive income (IFRS)	2021 C$	2020 C$	2019 C$
Revenue and other income	7,521,952	6,317,329	4,782,865
Loss before income tax expense from continuing operations	(4,102,608)	(4,874,082)	(4,610,512)
Loss after income tax expense from discontinued operations	—	—	—
Loss after income tax expense for the period	(4,102,608)	(4,874,082)	(4,610,512)
Net (loss) attributable to shareholders of ParcelPal	(4,102,608)	(4,874,082)	(4,610,512)
Earnings per share for loss from continuing operations attributable to the owners of ParcelPal			
Basic (loss) per share (cents per share)	(0.03)	(0.05)	(0.06)

Summary of profit or loss and other comprehensive income (IFRS)	**2021 C$**	**2020 C$**	**2019 C$**
Diluted (loss) per share (cents per share)	(0.03)	(0.05)	(0.06)
Weighted average number of common share shares used to calculate earnings per share	152,119,211	91,147,886	80,778,869
Number of outstanding common shares at period end	155,838,733	102,953,973	86,944,353

Summary of financial position (IFRS)	**2021 C$**	**2020 C$**	**2019 C$**
Cash	551,961	255,668	295,593
Total assets	5,489,326	999,238	1,328,620
Net assets/Equity	207,605	(2,156,332)	433,968
Debt	2,429,227	766,070	—
Capital Stock	17,622,777	11,408,737	9,367,691

The Company publishes its financial statements expressed in Canadian dollars. In this annual report, references to “U.S. dollars” or “US$” are to the currency of the United States of America (“U.S.”) and references to “Canadian dollars” “$” or “C$” are to the currency of Canada.

Our financial statements, including our Statement of Changes in Equity and our Statement of Cash Flows, included in this annual report are incorporated herein.

B. Capitalization and Indebtedness.

The following table sets forth our capitalization and indebtedness on an actual basis as of December 31, 2021, as derived from our financial statements, which are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The information in this table should be read in conjunction with the financial statements and notes related thereto.

	As of December 31, 2021 (C$)
Cash and cash equivalents	551,961
Borrowings	(2,429,227)
Equity:	
Issued capital	17,622,777
Subscriptions received in advance	--
Reserves	3,620,300
Accumulated losses	(21,031,270)
Total equity	207,605
Total capitalization	(1,667,640)

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk factors

Investment in our common shares involves a high degree of risk. You should consider carefully the risks described below, and our other public filings, before making any investment decisions regarding our securities. You should not construe the information provided herein as constituting investment, legal, tax or other professional advice. If any of the following events actually occur, our business, operating results, prospects or financial condition could be materially and adversely affected. This could cause the trading price of our common stock to decline and you may lose all or part of your investment. Moreover, the risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business, operating results, prospects or financial condition. The Company makes no representations or warranties of any kind with respect to the likelihood our business will succeed, any financial returns that may be generated or any tax benefits or consequences that may result from an investment in the Company.

Risks Related to Our Financial Condition and Capital Requirement

The terms of the convertible notes outstanding may adversely impact our business operations.

We have completed a number of non-brokered private placements, mainly in the form of convertible debt, most recently in September 2021, carrying a face value of up to US$2,300,000 (assuming the holder funds and we take all of tranches available under this Note) (reference to any prior and current convertible notes, are collectively referred to as, the "Notes"). In the case of an Event of Default under the terms of the convertible notes, which include cross-default provisions with respect to any breach of any term of other notes or similar debt instrument, that we fail to cure within the appropriate grace period, we would be considered in default under the Notes. As a result of any default, the Principal Amount of the Notes then outstanding and owing through the date of acceleration, shall become, at the holder's election, immediately due and payable in cash.

Should the Company for some reason default on any of the Notes, or on one of its other debt instruments, exercisable securities or convertible notes, if any, such default may materially impair our ability to execute our business plan, obtain future financing (or on reasonable terms) or be able to fund operations, as it may cause the loss of our assets and significantly increase the principal amounts, amount of stock issuable and calculated interest rates thereunder, which, in turn, could cause our stock price to decrease significantly, result in substantial dilution or cause us the inability to raise additional equity capital.

Risks Related to Our Business Operations

Our business and financial performance may be adversely affected by downturns in the target markets that we serve.

Demand for our services can be affected by general economic conditions as well as product sale trends of our customers in our target markets. These changes may result in decreased demand for our services. The occurrence of these conditions is beyond our ability to control and, when they occur, they may have a significant impact on our sales, revenues and results of operations.

Effect of international conflicts on supply chain and energy costs, including fuel costs for delivery fleet.

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer demand, weather conditions, the price and availability of alternative fuels, actions taken by governments in setting energy policy, and global economic and political developments. Domestic and international oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Recent fuel and energy costs have risen further for a number of reasons, including the push for green energy alternatives (which are not currently widely commercially available), the closure of domestic oil and gas pipelines and the limitations of fossil fuel exploration on federally owned or controlled lands. This situation has been exacerbated by international conflicts, including the recent military invasion of Ukraine by Russia. While gas and energy prices have risen significantly throughout 2021, they have spiked higher in 2022 in part as a result of the foregoing Ukrainian invasion. These combined issues have caused our vehicle fuel costs to rise significantly and, therefore, increased the cost of doing business. We cannot predict where the price of vehicle fuel will go in the long term, but in the near and intermediate term, such rising costs may significantly negatively impact our operating profits and costs of doing business, thus causing a negative impact on our operating margins.

We may be adversely affected by supply chain issues.

Supply chain issues have struck virtually every industry, including, but not limited to, the manufacturing space , semiconductor and chips, production of home and commercial electronics and appliances, mechanized equipment, automobiles and marine vehicles and other items that require manufacturing, repair or maintenance of products. All businesses have been negatively affected by both the Covid-19 Pandemic, government imposed restrictions and policies among other tangential effects or each, both domestically and internationally. These issues have also triggered labor and workforce shortages. These shortages could affect the availability of our fleet of delivery vehicles from running at maximum or sufficient capacity required to service the needs of current and/or new customers. As a result, any inability to make scheduled deliveries, service growing or new customers or have the ability establish new geographic locales could cause us to experience a reduction or loss in customers, revenues or reduce the growth rate of our company, each or any one of which could adversely affect relationships with existing and prospective customers. The supply chain and workforce shortages has also been and may continue to be impacted by the COVID-19 pandemic, or future variants entering the market, and/or may be impacted by other events outside our control, including macro-economic events, trade restrictions, political crises, other public health emergencies, or natural or environmental occurrences. As a result, such shortages have adversely affected and, could in the future adversely affect, our operating results.

Because we continue to develop and commercialize new customers and products, we expect to incur significant additional operating losses.

Although we have commercialized our business in certain markets, we continue to develop new customers, in new markets and continue to look to further expand our base of customers, and therefore the size of our workforce. As a result, we expect to incur substantial additional operating expenses over the next several years as our development, expansion and new business venture activities increase and the concomitant costs and expenses of such new business endeavors increase. The amount of our future losses and when we will achieve profitability are uncertain. We remain relatively early in our expansion and marketing efforts of or services, which has resulted in several million in annual commercial revenue, but there is no guarantee that we can generate sufficient revenue to sustain operations or achieve profitability. Our ability to generate increased revenue and achieve profitability will depend on, among other things, the following:

- realizing revenue from our existing and additional new customers, in new markets and at margins that are sufficiently improved;
- establishing more substantial sales and marketing arrangements, either alone or with additional third parties;
- improving our profit and operating margins with existing and new customers;
- sourcing and leasing dedicated warehousing facility space; and
- raising sufficient funds to finance our activities, or on terms that are acceptable.

We might not succeed at all, or at any, of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

We have a few customer agreements on which we are highly dependent.

Since inception, the Company has entered into a number of customer agreements which generate the vast majority of our gross revenue. And while we have more recently undertaken an expansion and diversification business plan to lessen this concentration of customer revenue, in the near term, these agreements are a critical component in the Company's success in generating sufficient sales related cash flow to fund ongoing operations. In particular, the revenue generated from the agreement we entered into with Amazon amounted to 94% of our total revenue for 2020 and amounted to 90% of our total revenue for 2021. Because of our continued customer diversification, we currently expect the gross revenue generated from the Amazon agreement to amount to 80% of our total revenue for 2022.

These contracts are relationship based and involve a high degree of trust that the customer(s) continue for a long period of time. However, under these agreements, the Company would have no recourse against certain customers if they determined to terminate the agreement or they utilized other service providers that may compete with us. These customers could additionally underperform, not perform at all under these agreements and even walk away entirely.

The loss of key senior management personnel and other key personnel could negatively affect our business

We are highly dependent on our management team and certain personnel to successfully operate our business. Like many operating companies, the future success of the Company will be based in large part on the quality of the Company's management and key personnel. The Company's management and key personal possess valuable knowledge about the transportation and logistics industry and their knowledge of and relationships with the Company's key customers and vendors, including the addition of new customers and expansion of the Company's existing business, would be difficult to replace. While we currently maintain key-man insurance coverage, the loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current key personnel, or be able to retain additional key personnel to address its expansion plans or, in the event of their departure, to develop or attract new personnel of equal quality.

If we are unable to attract, train and retain highly qualified personnel, the quality of our services may decline and we may not successfully execute our internal growth strategies.

Our success will depend in large part upon our ability to attract, train, motivate and retain highly skilled and experienced employees in the areas of business into which we expand, including technical personnel. Qualified technical employees periodically are in great demand and may be unavailable in the time frame required to satisfy our operating requirements. Expansion of our business could further require us to employ additional highly skilled technical personnel.

There can be no assurance that we will be able to attract and retain sufficient numbers of highly skilled technical employees in the future. The loss of personnel or our inability to hire or retain sufficient personnel at competitive rates of compensation could impair our ability to develop our products or services or secure and complete customer engagements and could harm our business.

If we do not effectively manage growth and changes in our business, these changes could place a significant strain on our management and operations.

Our ability to grow successfully requires an effective planning and management process. The expansion and growth of our business, including in the United States, could place a significant strain on our management systems, infrastructure and other resources. To manage our growth successfully, we must continue to improve and expand our systems and infrastructure in a timely and efficient manner. Our controls, systems, procedures and resources are currently not adequate to support a rapidly changing and growing company. If our management fails to respond effectively to changes and rapid growth in our business, including acquisitions or growth of our business, there could be a material adverse effect on our business, financial condition, results of operations and future prospects.

We may be unable to identify additional operating businesses or assets, and even if we do, we may be unable to finance such an acquisition.

Our business growth and expansion strategies ultimately include making significant investments in sales and marketing programs, either directly or indirectly, to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these time and capital investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting, and our results of operations may be adversely affected. We may also fail to secure the capital necessary to make these investments, which would hinder our growth.

In addition, as part of our strategy for growth, we may make acquisitions, enter into strategic alliances, joint ventures, licensing transactions, joint development agreements and/or other strategic transactions. However, we may not be able to identify suitable acquisition or other strategic partner candidates, complete acquisitions or integrate acquisitions or joint ventures successfully, and such strategic alliances may not prove to be successful. In this regard, acquisitions and other strategic transactions may involve delving into consumer product sales, and may also involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions and other strategic transactions, if consummated, may fail to be successful, may require consents of such targets customers or be subject to termination, some of which may be out of our control, may result in litigation, could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. Even if we identify assets, transactions or additional lines of business, we may have insufficient liquidity to be able to complete such a transaction. There can be no assurance that difficulties encountered with such transaction(s) will not have a material adverse effect on our business, financial condition and results of operations.

We may not be able to effectively manage our growth or improve our operational, financial, and management information systems, which would impair our results of operations.

Our ability to grow successfully requires an effective planning and management process. In late 2021, we significantly expanded our operations into the United States, and we intend to continue to expand the scope of our operations activities significantly. If we are successful in executing our business plan, we will experience growth in our business that could place a significant strain on our business operations, finances, management, and other resources. In the event of a significant acquisition, we may also need to retain or hire management and staff, which will require capital and time and other resources, all or any of which may place additional strain on the Company's management and resources. The factors that may place strain on our resources include, but are not limited to, the following:

- the need for continued development of our financial and information management systems;
- the need to manage strategic relationships and agreements with distributors, customers, and strategic partners;
- difficulties in hiring and retaining skilled management, technical, and other personnel necessary to support and manage our business.
- difficulties in running operations in more than one country simultaneously, and manage workforces in each such country under varying applicable laws.

Additionally, our strategy envisions a period of growth that may impose a significant burden on our administrative, infrastructure and operational resources. Our ability to effectively manage growth, either organic growth or through an acquisition or merger, will require us to substantially and timely expand and/or integrate the capabilities of our (or such target's) administrative and operational resources and to attract, train, manage, and retain qualified management and/or other personnel.

There can be no assurance that we will be successful in recruiting and retaining new employees or retaining existing employees.

We cannot provide assurances that our management will be able to manage this growth effectively, efficiently or in a timely manner. Our failure to successfully manage growth could result in our sales not increasing commensurately with capital investments or otherwise materially adversely affecting our business, financial condition, results of operations or future prospects. Our controls, systems, procedures and resources are currently not adequate to support a changing and growing company.

We are and will be dependent on the popularity of our services, recurring business opportunities and a healthy economy.

Our ability to generate revenue and be successful in the implementation of our business plan is dependent on acceptance and demand of our product services, a consistent recurring revenue stream and on the positive health of the economy that requires and encourages last mile delivery services. Acceptance of our services will depend on several factors, including availability, cost, customer familiarity of our services, brand recognition, convenience, effectiveness, safety, and reliability. If customers do not repeatedly seek our services, or if we fail to meet customers' needs and expectations adequately, our ability to continue generating revenues could be reduced or otherwise materially impacted.

We are a publicly registered company in the United States and Canada that is subject to the reporting requirements of U.S. federal and Canadian securities laws, which can be expensive and may divert resources from other projects, thus impairing our ability to grow.

We are a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act, the Canadian Business Corporations Act, the British Columbia Corporation Act and other federal securities and regulatory laws, rules and regulations. The costs of preparing and filing annual, quarterly and current reports, proxy or shareholder circulars, as applicable, audited financial statements and other information with the SEC and on SEDAR, furnishing reports to stockholders and other requirements causes our expenses to be higher than they would have been if we were a privately held company.

These rules and regulations increase our compliance costs and make certain activities more time consuming and costly. In addition, as a public company, it is also more difficult and expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

The Sarbanes-Oxley Act also requires corporate governance practices of public companies, which can be disproportionately burdensome to smaller reporting companies. As a smaller reporting company (as defined in Rule 12b-2 under the Exchange Act), we are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Section 404 requires us to include an internal control report with the annual report. This report must include management's assessment of the effectiveness of our internal control over financial reporting as of the end of the year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified. Failure to comply, or any adverse results from such evaluation, could result in a loss of investor confidence in our financial reports and have an adverse effect on the trading price of our equity securities. Management believes that our internal controls and procedures are currently not effective to detect the inappropriate application of applicable financial reporting rules. Management realizes there are deficiencies in the design or operation of our internal control that adversely affect our internal controls which management considers to be material weaknesses including those described below:

- we have insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, a material misstatement of the interim and annual financial statements could occur and not be prevented or detected on a timely basis.

- we did not perform an entity level risk assessment to evaluate the implication of relevant risks on financial reporting, including the impact of potential fraud-related risks and the risks related to non-routine transactions, if any, on our internal control over financial reporting. Lack of an entity-level risk assessment constituted an internal control design deficiency which resulted in more than a remote likelihood that a material error would not have been prevented or detected, and constituted a material weakness.

- we have not achieved the optimal level of segregation of duties relative to key financial reporting functions.

Achieving continued compliance with Section 404 may require us to incur significant costs and expend significant time and management resources. We cannot assure you that we will be able to fully comply with Section 404 or that we and our independent registered public accounting firm would be able to conclude that our internal control over financial reporting is effective at year-end.

As a result, investors could lose confidence in our reported financial information, which could have an adverse effect on the trading price of our securities, as well as subject us to civil or criminal investigations and penalties. In addition, our independent registered public accounting firm may not agree with our management's assessment or conclude that our internal control over financial reporting is operating effectively.

Foreign currency risk.

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. To the extent that the Company settles or may settle in the future its revenue and incurs expenses in U.S. dollars and, therefore, the fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of equity.

Risks related to customer credit and accounts receivables.

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents, trade and other receivables. Cash and cash equivalents are maintained with highly rated financial institutions and may be redeemed upon demand. The company is exposed to a significant concentration of credit risk with respect to certain of its trade accounts receivable balance because of its historical dependence on a limited number of customers. All accounts receivable balances are expected to be settled in full when due. The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount if these financial assets as recorded in the statement of financial position.

We may be unable to meet our financial obligations when they become due.

Our success may be affected by a variety of external factors that may affect the price or marketability of our services, including disruptions in the capital markets, changes in interest rates that may increase our funding costs, and reduced demand for our services. As a result, our ability to generate cash to meet our obligations could be adversely impacted.

Our cash was C$551,961 in 2021, C$255,668in 2020, C$295,593 in 2019. Our current liabilities were C$4,876,800 in 2021, C$3,035,403 in 2020, C$888,811 in 2019. Even though our policy is to ensure that we will always have sufficient cash to our obligations when they become due, under both normal and stressed conditions, we may not be able to do so. If we are unable to meet our obligations, our business operations may be negatively affected.

Our independent auditors have expressed their concern as to our ability to continue as a going concern.

We reported an accumulated deficit of C$21,031,270 and had stockholders' equity of C$207,605 at December 31, 2021. As a result of our financial condition, we have received a report from our independent registered public accounting firm for our financial statements for the years ended December 31, 2021, 2020, and 2019, that includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern without the infusion of significant additional capital. There can be no assurance that management will be successful in implementing its plans. If we are unable to raise additional financing, we may cease operations.

We face intense competition.

Our businesses are rapidly evolving and intensely competitive, and we have many competitors across geographies, including cross-border competition, and in different industries, including physical, e-commerce, and omnichannel retail, e-commerce services, web and infrastructure computing services, electronic devices, digital content, advertising, grocery, and transportation and logistics services. Some of our current and potential competitors have greater resources, longer histories, more customers, and/or greater brand recognition, particularly with our newly-launched products and services and in our newer geographic regions. They may secure better terms from vendors, adopt more aggressive pricing, and devote more resources to technology, personnel including drivers, infrastructure, fulfillment, and marketing.

Competition continues to intensify, including with the development of new business models and the entry of new and well-funded competitors, and as our competitors enter into business combinations or alliances and established companies in other market segments expand to become competitive with our business. In addition, new and enhanced technologies, including search, web and infrastructure computing services, digital content, and electronic devices continue to increase our competition. The Internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser known businesses to compete against us. As a result of competition, our product and service offerings may not be successful, we may fail to gain or may lose business, and we may be required to increase our spending or lower prices, any of which could materially reduce our sales and profits.

Risks related to the 2020 Global Pandemic.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impact on domestic and global commerce have been and are anticipated to continue to be far reaching. To date there have been significant stock market declines and the movement of people and goods worldwide has become severely restricted. Management is actively monitoring the situation and is taking appropriate steps as needed to ensure minimal disruption to the Company's operations. There is a risk the COVID-19 pandemic will disrupt the Company's operations and the movement of goods and services, as well as its investments in personnel, expansion, marketing and sales generally. While vaccines and other therapeutics to treat COVID-19 have become available, and certain markets have reopened, the global pandemic and variants of the Covid-19 virus have severely hampered many industries that will take years to recover, and continues to have adverse negative effects on many workforces, societal norms and industries.

Our expansion places a significant strain on our management, operational, financial, and other resources.

We are continuing to significantly expand our operations, including recently significantly expanding operations into the United States, increasing our product and service offerings, exploring the addition of a dedicated warehousing facility and scaling our infrastructure to support our services. The scale of our expanding business might place significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions, and our expansion increases these factors. Failure to manage growth effectively could damage our reputation, limit our growth, and negatively affect our operating results. Any such foreign or domestic jurisdiction expansion, merger or acquisition by us may also result in the failure of our business, result in operating losses, legal proceedings or claims, incurrence of tax obligations, or cause reputational harm or termination of existing business contracts, any one of which could adversely affect our operations, reduction in stock value, among other serious adverse events.

Our expansion into new products, services, technologies, and geographic regions subjects us to additional risks.

We may have limited or no experience in our newer market segments, and our customers may not adopt our product or service offerings. These offerings, which can present new and difficult technology challenges, may subject us to claims if customers of these offerings experience service disruptions or failures or other quality issues. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them. Failure to realize the benefits of amounts we invest in new technologies, products, or services could result in the value of those investments being written down or written off.

We experience significant fluctuations in our operating results and growth rate.

We are not always able to accurately forecast our growth rate. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments is fixed, and we are not always able to adjust our spending quickly enough if our sales are less than expected.

Our revenue growth may not be sustainable, and our percentage growth rates may decrease. Our revenue and operating profit growth depends on the continued growth of demand for the products and services offered by us or our sellers, and our business is affected by general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the U.S. or global economies, may result in decreased revenue or growth.

Our sales and operating results will also fluctuate for many other reasons, including due to factors described elsewhere in this section including the following:

- our ability to retain and increase sales to existing customers, attract new customers, and satisfy our customers’ demands;
- our ability to retain and expand our network of sellers, and to maintain and cost effectively manage costs of our workforce;
- our ability to offer products on favorable terms, manage inventory, securing warehouse facility space, ability to buy or lease new fleet vehicles, and on favorable terms, including costs related to branded vehicles and fulfill orders;
- the introduction of competitive stores, websites, products, services, price decreases, or improvements;
- changes in usage or adoption rates of the Internet, e-commerce, electronic devices, and web services;
- timing, effectiveness, and costs of expansion and upgrades of our systems and infrastructure;
- the success of our geographic, service, and product line expansions;
- the extent to which we finance, and the terms of any such financing for, our current operations and future growth;
- the outcomes of legal proceedings and claims, which may include significant monetary damages or injunctive relief and could have a material adverse impact on our operating results;
- variations in the mix of products and services we sell;
- factors affecting our reputation or brand image;
- the extent to which we invest in technology and content, fulfillment, and other expense categories;
- increases in the prices of fuel and gasoline, as well as increases in the prices of other energy products and commodities like paper and hardware products;
- our ability to collect amounts owed to us when they become due;
- the extent to which use of our services is affected by spyware, viruses, phishing and other spam emails, denial of service attacks, data theft, computer intrusions, outages, and similar events; and
- disruptions from natural or man-made disasters, extreme weather, domestic or global pandemics, geopolitical events and security issues (including terrorist attacks and armed hostilities), labor or trade disputes, and similar events.

We face risks related to successfully optimizing and operating our fulfillment network and data centers.

Failures to adequately optimize and operate our fulfillment network and data centers successfully from time to time result in excess or insufficient fulfillment or data center capacity, increased costs, and impairment charges, any of which could materially harm our business. As we continue to add fulfillment and data center capability or add new businesses with different requirements, our fulfillment and data center networks become increasingly complex and operating them becomes more challenging. There can be no assurance that we will be able to operate our networks effectively.

The seasonality of our retail business places increased strain on our operations.

We experience a higher demand for our services during holiday periods, in particular in the last quarter of our financial year. Our failure to meet customers’ delivery orders during that period of our financial year could significantly affect our revenue and our future growth, which could materially reduce profitability.

In addition, if too many customers access our websites within a short period of time due to increased demand, we may experience system interruptions that make our websites unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods we offer or sell and the attractiveness of our products and services. During times of high demand, we may also be unable to adequately staff our fulfillment network and customer service centers during these peak periods and delivery and other fulfillment companies and customer service co-sourcers may be unable to meet the seasonal demand.

We could be harmed by data loss or other security breaches.

Because we collect, process, store, and transmit large amounts of data, including confidential, sensitive, proprietary, and business and personal information, failure to prevent or mitigate data loss, theft, misuse, or other security breaches or vulnerabilities affecting our or customers' technology, products, and systems, could expose us or our customers to a risk of loss, disclosure, or misuse of such information, adversely affect our operating results, result in litigation, regulatory action (including under privacy or data protection laws), and potential liability for us, deter customers or sellers from using our stores and services, and otherwise harm our business and reputation. We use third-party technology and systems for a variety of reasons, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions. Although we have developed systems and processes that are designed to protect customer information and prevent such incidents, including systems and processes designed to reduce the impact of a security breach at a third-party vendor or customer, such measures cannot provide absolute security and may fail to operate as intended or be circumvented.

Government regulation is evolving and unfavorable changes could harm our business.

We are subject to general business regulations and laws, as well as regulations and laws specifically governing the Internet, physical, e-commerce, and omnichannel retail, digital content, web services, electronic devices, artificial intelligence technologies and services, and other products and services that we offer or sell.

Unfavorable regulations, laws, decisions, or interpretations by government or regulatory authorities applying those laws and regulations, or inquiries, investigations, or enforcement actions threatened or initiated by them, could cause us to incur substantial costs, expose us to unanticipated civil and criminal liability or penalties (including substantial monetary fines), diminish the demand for, or availability of, our products and services, increase our cost of doing business, require us to change our business practices in a manner materially adverse to our business, damage our reputation, impede our growth, or otherwise have a material effect on our operations.

We are subject to payments-related risks.

We accept payments using a variety of methods, including credit card, debit card, and payment upon or after delivery. For existing and future payment options we offer to our customers, we currently are subject to, and may become subject to additional, regulations and compliance requirements (including obligations to implement enhanced authentication processes that could result in significant costs and reduce the ease of use of our payments products), as well as fraud. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, electronic checks, and promotional financing. In each case, it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. Failure to comply with these rules or requirements, as well as any breach, compromise, or failure to otherwise detect or prevent fraudulent activity involving our data security systems, could result in our being liable for card issuing banks' costs, subject to fines and higher transaction fees, and loss of our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected.

Risks related to insurance coverage and business-related liability.

The Company's operations are subject to risks inherent in the transportation sector, including personal injury, property damage, workers' compensation and employment and other issues. The Company's future insurance and claims expenses may exceed historical levels, which could reduce the Company's earnings. The Company subscribes for insurance in amounts it considers appropriate in the circumstances and having regard to industry norms. Due to the Company's significant number of drivers, it has exposure to fluctuations in the number or severity of claims and the risk of being required to accrue or pay additional amounts that may not be covered by insurance, or if claims ultimately prove to be in excess of the amounts originally assessed.

Although the Company believes its individual and aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed the Company's aggregate coverage limits or that the Company will choose not to obtain insurance in respect of such claims. If any claim were to exceed the Company's coverage, the Company would bear the excess. The Company's results of operations and financial condition could be materially and adversely affected if (i) cost per claim or the number of claims significantly exceeds the Company's coverage limits; (ii) the Company experiences a claim in excess of its coverage limits; (iii) the Company's insurance carriers fail to pay on the Company's insurance claims; (iv) the Company experiences a significant increase in premiums; or (v) the Company experiences a claim for which coverage is not provided, either because the Company chose not to obtain insurance as a result of high premiums or because the claim is not covered by insurance which the Company has in place.

We require a high number of drivers to maintain our business and generate revenues, and our industry has a high turnover rate.

Increases in driver compensation or difficulties attracting and retaining qualified drivers could have a material adverse effect on the Company's profitability and the ability to maintain or grow the Company's business. Like many in the transportation sector, the Company experiences substantial difficulty in attracting and retaining sufficient numbers of qualified drivers. Our industry periodically experiences a shortage of qualified drivers, including in new geographic regions into which we expand. The Company believes the shortage of qualified drivers and/or intense competition for drivers from competitors will create difficulties in maintaining or increasing the number of drivers as needed at a particular time, and may negatively impact the Company's ability to engage a sufficient number of drivers. The Company's inability to do so may negatively impact its operations. Further, the compensation the Company offers its drivers and independent contractor expenses are subject to market conditions, and the Company may find it necessary to increase driver and independent contractor compensation in future periods.

In addition, the Company and many other delivery service companies suffer from a high turnover rate of drivers. This high turnover rate requires the Company to continually recruit a substantial number of new drivers in order to operate existing revenue operations. Driver shortages are exacerbated during periods of economic expansion, in which alternative employment opportunities, including in the construction and manufacturing industries, which may offer better compensation and/or more time at home, are more plentiful. The Company also employs driver hiring standards, including background checks, which could further reduce the pool of available drivers from which the Company would hire. If the Company is unable to continue to attract and retain a sufficient number of drivers, the Company could be forced to, among other things, adjust in the negative the Company's customer agreements, cancel or lose revenue generating contracts, hire drivers at higher costs (reducing net margins), any of which could adversely affect the Company's growth and profitability.

The Company is heavily dependent on its information systems, and any disruptions could adversely affect our operations and financial condition.

The Company depends heavily on the proper functioning, availability and security of the Company's information and communication systems, including financial reporting and operating systems, in operating the Company's business. The Company's operating system is critical to understanding customer demands, accepting and planning deliveries, dispatching drivers and billing and collecting for the Company's services. The Company's financial reporting system is critical to producing accurate and timely financial statements and analyzing business information to help the Company manage its business effectively. The Company receives and transmits confidential data with and among its customers, drivers, vendors, employees and service providers in the normal course of business.

The Company's operations and those of its technology and communications service providers are vulnerable to interruption by natural and man-made disasters and other events beyond the Company's control, including cybersecurity breaches and threats, such as hackers, malware and viruses, fire, earthquake, power loss, telecommunications failure, terrorist attacks and Internet failures. The Company's systems are also vulnerable to unauthorized access and viewing, misappropriation, altering or deleting of information, including customer, driver, vendor, employee and service provider information and its proprietary business information. If any of the Company's critical information systems fail, are breached or become otherwise unavailable, the Company's ability to manage its driver fleet efficiently, to respond to customers' requests effectively and timely, to maintain billing and other records reliably, to maintain the confidentiality of the Company's data and to bill for services and prepare financial statements accurately or in a timely manner would be challenged. Any significant system failure, upgrade complication, cybersecurity breach or other system disruption could interrupt or delay the Company's operations, damage its reputation, cause the Company to lose customers, cause the Company to incur costs to repair its systems, pay fines or in respect of litigation or impact the Company's ability to manage its operations and report its financial performance, any of which could have a material adverse effect on the Company's business.

We are a "foreign private issuer", and you may not have access to the information you could obtain about us if we were not a "foreign private issuer".

We are considered a "foreign private issuer" under the Securities Act of 1933, as amended. As a foreign private issuer we will not have to file quarterly reports with the SEC nor will our directors, officers and 10% stockholders be subject to Section 16(b) of the Exchange Act. Such exemption may result in shareholders having less data and there being fewer restrictions on insiders' activities in our securities. As a foreign private issuer we will not be subject to the proxy rules of Section 14 of the Exchange Act. Furthermore, regulation FD does not apply to non-U.S. companies and will not apply to us. Accordingly, you may not be able to obtain information about us as you could obtain if we were not a "foreign private issuer".

We may lose our foreign private issuer status in the future, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant additional legal, accounting and other expenses.

We are a foreign private issuer as of the date of this annual report on Form 20-F and, therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. In order to maintain our status as a foreign private issuer, either (a) a majority of our shares must be directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors may not be United States citizens or residents, (ii) more than 50 percent of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States.

If we were to lose our foreign private issuer status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. For instance, we would be required to change our basis of accounting from IFRS as issued by the IASB to U.S. GAAP, which we expect would be costly for us to comply with and could also result in changes, which could be material, to historical financials previously prepared on the basis of IFRS. The regulatory and compliance costs to us under U.S. securities laws when we would be required to comply with the reporting requirements applicable to a U.S. domestic issuer could be significantly higher than the costs we will incur as a foreign private issuer. As a result, a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time-consuming and costly. If we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage.

Risks Related to our Securities

Our authorized capital consists of an unlimited number of shares of one class designated as common shares. We may, in the future, issue additional common shares, which would reduce investors' percent of ownership and may dilute our share value.

Our Articles of Incorporation authorizes the issuance of an unlimited number of our common shares, no par value, of which 155,838,733 shares are currently issued and outstanding as of December 31, 2021. The future issuance of common shares may result in substantial dilution in the percentage of our common shares held by our then existing shareholders. We may value any common shares issued in the future on an arbitrary basis. The issuance of common shares for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors and may have an adverse effect on any trading market of our common shares.

We may need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. Any additional funds that we obtain may not be on terms favorable to us or our stockholders and may require us to relinquish valuable rights.

As of our most recent year ended December 31, 2021, we had C$551,961 of available cash. We will need to raise additional funds to pay outstanding vendor invoices, meet operating expenses and execute our business plan, including any expansion plans. Our future cash flows depend on our ability to market and sell our common shares, and our ability to continue to cut expenses to reach net even or positive cashflows from operations. There can be no assurance that we will have sufficient funds to execute our business plan or complete a strategic transaction, or that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We cannot guarantee that we will generate sufficient revenues from our services in the near future to meet these goals. Therefore, for the foreseeable future, we may have to fund a portion of our operations and capital expenditures from cash on hand, public or private equity offerings, debt financings, bank credit facilities, other borrowings (including borrowings from our officers and directors) or corporate collaboration and/or licensing arrangements. We will also need to raise additional funds if we choose to continue to expand our operational development efforts more rapidly than we presently anticipate.

If we seek to sell additional equity or debt securities or enter into a corporate collaboration, joint venture or licensing arrangement, we may not obtain favorable terms for us and/or our stockholders or be able to raise any capital at all, all of which could result in a material adverse effect on our business and results of operations. The sale of additional equity or debt securities, if convertible, could result in significant dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations. Raising additional funds through collaboration, joint ventures or licensing arrangements with third parties may require us to relinquish valuable rights to our technologies, future revenue streams, or to grant licenses on terms that may not be favorable to us or our stockholders. In addition, we could be forced to discontinue certain services or technologies, reduce or forego sales and marketing efforts and forego attractive business opportunities, all of which could have an adverse impact on our business and results of operations.

The sale of our securities could encourage short sales by third parties, which could contribute to the future decline of our stock price.

In many circumstances, the provision of financing based on the distribution of equity for companies that are traded on the CSE and OTC has the potential to cause a significant downward pressure on the price of common shares. This is especially the case if the shares being placed into the market exceed the market's ability to take up the increased share issuance or if we have not performed in such a manner to show that the equity funds raised will be used to grow our business. Such an event could place further downward pressure on the price of our common shares. Regardless of our activities, the opportunity exists for short sellers and others to contribute to the future decline of our share price. If there are significant short sales of our common shares, the price decline that would result from this activity will cause the share price to decline more, which may cause other shareholders of the stock to sell their shares, thereby contributing to sales of common shares in the market. If there are many more of our common shares on the market for sale than the market will absorb, the price of our common shares will likely decline.

The market price and trading volume of our common shares may be volatile.

The market price of our common shares could fluctuate significantly for many reasons, including reasons unrelated to our performance, such as limited liquidity for our stock, reports by industry analysts, investor perceptions or general economic and industry conditions. Fluctuations in operating results or the failure of operating results to meet the expectations of public market analysts and investors may negatively impact the price of our securities. Quarterly operating results may fluctuate in the future due to a variety of factors that could negatively affect revenues or expenses in any particular quarter, including vulnerability of our business to a general economic downturn, changes in the laws that affect our products or operations, competition, compensation related expenses, application of accounting standards and our ability to obtain and maintain all necessary government certifications and/or licenses to conduct our business. In addition, if the market price of a company's shares drops significantly, shareholders could institute securities class action lawsuits against the Company. A lawsuit against us would cause us to incur substantial costs and could divert the time and attention of our management and other resources.

We may not pay dividends in the future. Any return on investment may be limited to the value of our common shares.

We have never paid dividends and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common shares will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common shares may be less valuable because a return on your investment will only occur if our stock price appreciates.

Offers or availability for sale of a substantial number of our common shares may cause the price of our common shares to decline.

If our shareholders sell substantial amounts of our common shares in the public market, or upon the expiration of any statutory holding period under applicable Canadian rules, Rule 904 or Rule 144, or issued upon the exercise of outstanding options, convertible notes or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common shares could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Our common shares are currently considered a "penny stock," which may make it more difficult for our investors to sell their shares.

Our stock is categorized as a penny stock. The SEC has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price less than US$5.00 per share or an exercise price of less than US$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker- dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common shares.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described in this annual report, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for many customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Tangiers may purchase our stock at a price less than the then-prevailing market price for our common shares.

Our common shares issued or to be issued to Tangiers pursuant to the convertible notes we sold to them in 2020, and in March and September 2021 will be purchased (i) at a fixed price as of the date of such investment, if exercised prior to the maturity date of each such note, or (ii) if converted after such maturity date, e.g., if under the March and September 2021 notes, at 83% of the average of the two lowest volume weighted average prices in the 10 day period prior to conversion; however, all such conversions carry a regulatory floor of not less than $.05 CN per share. If Tangiers purchases such shares at a price which is lower than market price, our shareholders will be diluted and the price of our common shares may be negatively affected.

Tangiers will pay less than the then-prevailing market price for our common stock under our existing equity line of credit facility.

Our common stock to be issued to Tangiers pursuant to the terms of an Investment Agreement, dated December 16, 2020, will be purchased at 85% of the lowest VWAP of the common stock during the 5-day pricing period applicable to the Company's Put Notice (described in under the heading "Investment Agreement" in this annual report), provided, however, an additional 10% will be added to the discount of each company put if (i) the Company is not DWAC eligible and (ii) an additional 15% will be added to the discount of each Company put if the Company is under DTC "chill" status on the applicable put notice date. "VWAP" means, for any date, the price determined by the daily volume weighted average price of the common stock for such date (or the nearest preceding date) on the Company's trading market on which the common stock is then listed or quoted for trading. Tangiers has a financial incentive to sell our common stock immediately upon receiving the shares to realize the profit equal to the difference between the discounted price and the market price. All such conversions are subject to a regulatory floor price of not less than $.05 CN per share. If Tangiers sells the shares, the price of our common stock could decrease. If our stock price decreases, Tangiers may have a further incentive to sell the shares of our common stock that it holds. Such sales could have a further negative impact on our stock price and may result in dilution to you and our existing stockholders.

Item 4. Information on the Company

A. History and development of the Company

We were incorporated under the laws of Alberta in March 1997 and, in June 2006, changed our jurisdiction of incorporation to British Columbia, Canada. The registered office is located at Suite 620, 1111 Melville St, Vancouver, BC V6E 3V6, and our telephone number is 1-587-883-9811. Our address on the Internet is www.parcelpal.com. The information on, or accessible through, our website is not part of this annual report on Form 20-F. We have included our website address in this annual report on Form 20-F solely as an inactive textual reference. The Company has appointed Vcorp Services, LLC, located at 25 Robert Pitt Drive, Suite 204, Monsey, New York 10952, as agent for service of process to receive legal correspondence on our behalf.

See also "Subsequent Events" in Note 14 of this annual report for additional information on other capital financing, customer agreement and expansion transactions entered into subsequent to the reporting period of this annual report, including with Sysco@Home, Bayshore Specialty Rx, Oco Meals and other new customer agreements and expansion opportunities, as well as an (up to) $2,300,00 face value financing in September 2021, each of which we have previously announced.

On November 30, 2021, we announced an agreement with UpMeals, which is another meal kit delivery company.

On October 18, 2021, the Company changed its auditor from Dale Matheson Carr-Hilton LaBonte LLP ("DMCL") to BF Borgers CPA, PC ("BF Borgers") as its independent registered public accounting firm.

On October 5, 2021, we announced that we signed a "letter of intent" for an acquisition of another United States delivery service company.

On September 16, 2021, the Company announced that the parties related to the Company's acquisition of its first United States delivery service company officially closed the transaction.

On September 15, 2021, the Company completed a non-brokered private placement pursuant in which we issued an unsecured convertible note to Tangiers Global, LLC with a face value of up to US$2,300,000. See Item 10C "Material Contracts" for more information.

On August 31, 2021, we announced an agreement with WeDoLaundry which operates in the laundry and dry cleaning space.

On August 12, 2021, we announced an agreement to provide delivery services with Farmer's Meal. The Company will be delivering meal kits to customer's homes, catered meals to offices and meal distribution to various other businesses.

On July 6, 2021, we announced the signing of an agreement for our first warehouse in the Vancouver area.

On June 18, 2021, the Company officially changed its name from "ParcelPal Technology Inc." to "ParcelPal Logistics Inc." and the Company's common shares began trading under the new name.

On March 12, 2021, the Company completed a non-brokered private placement pursuant in which we issued an unsecured convertible note to Tangiers Global, LLC with a face value of up to US$1,050,000. See Item 10C "Material Contracts" for more information. Most of the note has been converted and as of the date of the report US$6,000 remains outstanding.

On December 16, 2020, the Company entered into a US$5,000,000 equity line of credit facility under the terms of an Investment Agreement with Tangiers Global, LLC, which is available over a maximum term of 36 months. See Item 10C "Material Contracts" for more information.

On November 24, 2020, we announced the signing of an agreement to provide delivery services with one of Canada's fastest growing and trusted providers of comprehensive specialty pharmacy services and solutions.

October 6, 2020, we announced the start of primary trading of our common shares on the OTCQB market exchange in the United States.

On September 29, 2020, the Company completed a non-brokered private placement pursuant in which it issued an unsecured convertible note to Tangiers Global, LLC with a face value of up to US$525,000. The note has been fully converted.

On August 20, 2020, we announced that we entered into a partnership with Glenthorne Holdings Inc d/b/a Bear's Blooms ("**Bear's Blooms**"), a large flower subscription service based in Vancouver. Under the terms of the partnership, ParcelPal has been to providing deliveries to Bear's Blooms's customers. Recently the number of deliveries with Bear's Blooms has dropped significantly. We also announced at that time that we expanded our collaboration with Lineten Technology, Inc.. In particular, we agreed to provide deliveries to customers of a Western Canada based grocer, Sunterra. The Company had been providing a limited number of deliveries; however, we expect that these partnerships will improve, and our revenue and operating performance will further improve.

On June 29, 2020, the Company completed a non-brokered private placement pursuant in which we issued an unsecured convertible note to Tangiers Global, LLC with a face value of up to US$210,000. The note has been fully converted.

On June 4, 2020, we announced the expansion of our operations to Toronto, Ontario.

On May 26, 2020, the Company entered into a Transportation Services Agreement with Goodfood Market Inc. ("Goodfood"). Under the terms of the Transportation Services Agreement, ParcelPal will provide same-day delivery courier services for Goodfood's customers, in Vancouver and Calgary. See Item 10C "Material Contracts".

On April 14, 2020, the Company completed a non-brokered private placement pursuant in which we issued an unsecured convertible note to Tangiers Global, LLC with a face value of up to US$367,500 (the "Note"). See Item 10C "Material Contracts" for more information. The note has been fully converted.

On April 6, 2020, Rich Wheeless was also appointed Chief Executive Officer.

On March 12, 2020, we announced that we had entered into a delivery agreement and a new initiative to facilitate ordering and delivery of pharmaceuticals in British Columbia, Alberta and Ontario.

Effective March 1, 2020, Rich Wheeless joined the Company as Chief Financial Officer and director.

On February 14, 2020, we announced that we had entered into an agreement with Lineten Technology, Inc. ("Lineten"). Under the terms of the agreement, ParcelPal will fulfil delivery orders on behalf of Lineten's customers in Vancouver. See Item 10C "Material Contracts".

On October 24, 2019, we announced that we had formed a partnership with the British Columbia Restaurant & Food Services Association ("BCRFA"). This partnership positioned the company to promote and offer ParcelPal services as the preferred delivery partner for BCRFA more than 3000 member restaurants across British Columbia. Due to a shift in the business model we recently have moved away from the partnership.

On September 24, 2017, we entered into a transportation contract with Amazon Canada Fulfillment Services, Inc ("Amazon"), for the delivery of packages on behalf of Amazon in Vancouver British Columbia, Canada. See Item 10C "Material Contracts".

On January 4, 2017, we listed our common shares on the OTC Venture Marketplace with the trading symbol "PTNYF".

See Item 10C "Material Contracts" for more information concerning a number of the above-referenced contracts.

All information we file with the SEC is available through the SEC's Electronic Data Gathering, Analysis and Retrieval system, which may be accessed through the SEC's website at www.sec.gov.

B. Business overview

ParcelPal Logistics Inc. is a Vancouver, British Columbia based company that specializes in last-mile delivery service and logistics solutions. From our hubs in Vancouver, Calgary, and Toronto we offer delivery and logistics solutions for business to business, business to customer, and any other tailored creative solution our partners may require. With our 200+ team members' expertise in logistics operations and our in-house technical excellence, we are uniquely positioned to create a solution-driven by you and your customer's needs. Since 2016, our company has serviced over 10 million deliveries for our partners. We give businesses a smart, reliable, and affordable delivery service powered by our licensed technology platform.

Since September 2021, as a result of our first expansion into the United States, we started operating in the Salt Lake City, Utah metropolitan area. We currently plan to expand and further diversify our operations in the United States, including with new national delivery provider(s) who are not currently a customer of the Company. The initial U.S. expansion has added to our top line revenues in the fourth quarter of 2021, and the proposed expansion plans, providing and assuming we consummate additional expansion opportunities, shall be intended to both further increase gross revenues, while also increasing operating margins and diversifying our customer base.

Using "Lean Six-Sigma" methodologies we continuously define, measure, analyze, implement, and control process improvements to provide our partners with cutting edge services and offerings. Our competitive advantage stems from our dedicated team valuing strong partnerships with our customers. Our management, operational, and office teams work directly with our partners to ensure each package entrusted to us is delivered promptly and efficiently.

ParcelPal initially operated in major urban centers in Vancouver, BC area and, subsequently, we have expanded throughout Canada, and most recently into the western United States. As a result of our marketing efforts, we have expanded across the entire lower mainland, offering same-day delivery for select clients.

ParcelPal operates from its head office in Vancouver, British Columbia and our operations are currently managed from here. ParcelPal offers employment opportunities that support all functions of technology and physical deliveries. ParcelPal currently has hundreds of employees, including the delivery team.

We typically experience an increase in customers' demand as the calendar year progresses, especially in retail and corporate activity during holiday periods, particularly during our fourth financial quarter in connection with the holiday season (e.g., Christmas, Channukah gift buying). We have, however, in mid-2020 enhanced our B2B business focus to further diversify our customer base and revenue streams going forward, including by engaging with meal kit, health, retail, grocery and pharmacy companies.

Our services

We offer our delivery services throughout major cities in Canada and now in the western United States. We are in the process of launching our services in additional cities and territories. The majority of our current business is doing same day deliveries and next day deliveries for businesses in the cities in which we operate.

ParcelPal is a customer-driven, courier and logistics company connecting people and businesses through our network of couriers. Some of our verticals include pharmacy & health, meal kit deliveries, retail, groceries and more.

Our strategy

ParcelPal plans to implement additional services for consideration of growing the merchant's business and retaining existing customers. In addition to raising additional capital, we are also planning on signing more small and medium enterprise clients for traditional courier services that are multi-city operational, and which are higher margin services that are also highly scalable. To execute this part of our strategy, we will need to open a dedicated warehouse facility in which we can sort, ship and create more efficient delivery routes. This will also allow us to also be able to benefit from economies of scale as our operating costs will decrease significantly, leading to better operating margins. With the recent capital raise that we have done, along with having an equity line of credit at our disposal, we have the resources and capital to execute on this plan This to both fund our operating expenses and the concomitant warehousing and fleet costs associated with it.

ParcelPal intends to pursue a number of technologies, product and marketing initiatives to continue to drive growth in 2022. The Company's strategic priorities include:

- targeting to be cash flow positive by the end of 2022;
- targeting approximately 50% revenue growth for 2022 and significantly improving operating margins by up to 15%;
- Increasing the number of merchants in various verticals for next-day and same-day delivery services for the B2B (business-to-business) markets, enabling easier customer acquisition and business integration;
- hiring sales leaders and execution teams in each of our current markets and potential markets;
- expanding our revenue diversification through large e-commerce contracts, and potential acquisitions;
- continuing to expand into the Amazon ecosystem throughout Canada and the United States;
- integrate a new last-mile delivery platform to maximize revenue potential, streamline services and increase overall margins; and
- deliver more than thirteen million total packages by the end of 2022.

The Company currently has one revenue stream, which is through billable contracts such as Amazon.com Inc and other merchants. Amazon accounted for 95% of our revenue in 2020 and 97% of our revenue in 2021, respectively. Amazon is projected to account for 88% of our revenue in 2022; however, this incremental projected decrease to 88% in 2022 assumes we are able to continue to diversify our customer base or, conversely, that we do not add or acquire a significant new customer or customers which may further reduce this percentage (although there is no guarantee that such an acquisition or further diversifying expansion will be consummated). We are among the top-rated and fastest-growing providers for Amazon in British Columbia, and we have achieved "gold status" as an Amazon fulfilment provider.

Our strategic vision

Since our CEO, Rich Wheeless, joined the Company in March 2020, we commenced a shift in focus of our operations away from a substantial reliance on food deliveries and other areas that are less likely to be profitable, to pharmacy& health and meal kit deliveries, which we believe will continue to carry better operating margins in the near and longer term. We have also decided to distance our operations from a traditional focus of signing non-partner marketplace customers as a result of the lower profitability of such approach.

One of our priorities is to increase our footprint with Amazon and with other small and medium enterprise customers that have operations in major cities, in particular with respect to last mile delivery services, which is our specialty. We have also focused on further expansion in the United States and adding new major customers (outside of Amazon) and an increase in warehousing services. Other more profitable areas such as home-meal kit and large retail chain store deliveries are those which we will increasingly target. We have also moved into same and next day prescription drug deliveries for nursing homes and expanding into the general population. We believe that these are the types of business services that are highly scalable and will strongly contribute to our profitability.

In addition, our future plans include focusing on a "get-anything" model if feasible, because customers appreciate that a great variety of products can be ordered and delivered potentially within an hour for a nominal fee. We are continuing to roll this model out.

Alcohol delivery regulations

From time to time, through various contractual arrangements with certain of our customers in the Canadian provinces of British Columbia and Alberta, we may be asked to deliver alcohol products. In this regard, each province sets forth rules relating to the delivery of alcohol, including during the COVID-19 pandemic, which can be summarized as follows:

Alberta

As a result of the COVID-19 pandemic, the Alberta Gaming, Liquor and Cannabis Agency, which is responsible for the approval and implementation of alcohol regulations in Alberta, has deemed selected liquor-related businesses to be "essential services", thus allowing them to remain open to the public provided they have the proper risk mitigation measures in place. These businesses include restaurants and other food preparation facilities, including liquor retail outlets, manufacturers and producers, as well as warehousers, and distributors. A number of restrictions apply to the regulations, as amended as a result of the COVID-19 pandemic, including that (i) liquor cannot be delivered by drive-thru, (ii) mixed drinks cannot be provided (liquor must be delivered in a sealed, commercial container as supplied by the liquor supplier or agency), and (iii) for draught beer, the cap design for the container must demonstrate the container has not been opened during transportation. We fully comply with the applicable rules and regulations relating to the delivery of alcoholic beverages in Alberta.

British Columbia

The British Columbia (BC) Government, through its Liquor Control and Licensing Branch, via a series of policy directives (including Policy Direction No. 19 – 03), which govern the delivery of liquor, either by retail stores or by manufactures, both by traditional brick and mortar store locations and from retail customers online, allow for delivery of liquor to customers. Following the COVID-19 pandemic, the BC Government has also deemed certain liquor-related businesses in BC to be "essential services", thus allowing them to remain open. In particular, as to liquor deliveries, food primary and liquor primary licensees are allowed to sell and deliver packaged liquor for off-site consumption to patrons with the purchase of a meal. The following related policies also apply to, among others, (i) restaurants are allowed to use unemployed servers to deliver liquor products, and (ii) delivery services are allowed to purchase liquor on behalf of a customer from a liquor store or from any licensee authorized to sell in unopened containers, and deliver and sell that liquor to a customer, provided the delivery does not take place between 11:30 p.m. and 7:00 a.m., and are not sold or delivered to a minor. Under directive 19-03, the licensee (liquor business) is accountable for any contravention that takes place while liquor is delivered from their store. We fully comply with the applicable rules and regulations relating to the delivery of alcoholic beverages in BC.

C. Organizational structure

We are not part of a group. We currently own 95% of a United States delivery service company. as part of our US expansion in late 2021. Additionally, we own 100% of the shares of our wholly owned subsidiary ParcelPal Logistics USA, Inc., a subsidiary that we formed in 2021, in part to utilize to expand US operations through additional acquisitions and/or the establishment of new significant delivery service operations.

In September 2021, ParcelPal Logistics Inc. completed the acquisition of its first United States delivery service company ("Acquiree"). The total purchase price (the "Purchase Price") was $3.1 million USD, consisting of 60% cash and 40% in restricted shares of ParcelPal's common stock. ParcelPal and Acquiree also entered into an exclusive services agreement with its principal business source (which also contain non-interference and non-competition clauses to further enhance the likelihood of the short and long term success of the acquired business). The cash portion of the purchase price was secured via a private placement financing.

D. Property, plant and equipment

Our registered address is 1111 Melville Street, Suite 620, Vancouver BC V6E 3V6. We lease a 5,083 square foot warehouse at 819 Tupper Avenue, Coquitlam, BC, V3K 1A3 which is the main hub for our Canadian operations. The lease agreement commenced in June 2021 and runs through August 2026. We also lease a 500 square foot premise at 3441 Decker Lake Drive, Suite 210, West Valley City, UT 84119 which serves as our US headquarters. With respect to our vehicles fleet, as of the date of this annual report, we lease approximately 94 vehicles that we use to complete most of our deliveries. The Company has also recently purchased some vehicles to help with the demand.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis should be read in conjunction with Item 18. "Financial Statements" included below. Operating results are not necessarily indicative of results that may occur in future periods. This discussion and analysis contains forward- looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in the forward-looking statements as a result of many factors including, but not limited to, those set forth under "Forward-Looking Statements" and "Risk Factors" in Item 3 "Key Information" included above in this annual report on Form 20-F. All forward-looking statements included in this document are based on the information available to the Company on the date of this document and the Company assumes no obligation to update any forward-looking statements contained in this annual report.

Critical accounting policies

We prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). As such, we are required to make certain estimates, judgments, and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The critical accounting policies are summarized in Item 18. "Financial Statements—Note 2 —Critical Accounting Policies".

A. Operating results

The following discussion relates to our results of operations, financial condition and capital resources. You should read this discussion in conjunction with our financial statements and the notes thereto contained elsewhere in this report.

Audited Financial Years

	For the year ended December 31,		
	2021	2020	2019
	C$	C$	C$
Revenue	7,521,952	6,317,329	4,782,865
Total revenue and other income	7,521,952	6,317,329	4,790,627

Year 2021 compared to year 2020

Revenue

Our revenue increased from C$6,312,329 in 2020, to C$7,521,952 in 2021, primarily due to revenue from our US acquisition which closed in September 2021.

Cost of Revenue

Our cost of revenue increased from C$5,947,895 in 2020 to C$6,253,436 in 2021. This was due to an increase in staff and acquisition/leasing of additional fleet vehicles for more Amazon routes as well as higher vehicle fuel costs.

Personnel costs increased from C$4,983,299 in 2020 to C$5,674,740 in 2021. This was due to an increase in staff for Amazon routes as well as expansion into new areas.

Vehicle fuel costs decreased from C$396,343 in 2020 to C$112,091 in 2021. This was due to decreased fuel cost for vehicles.

Amortization expense decreased from C$388,859 in 2020, to C$346,532 in 2021 due to the Company entering into fewer lease agreements for its delivery fleet.

Gross Profit

Gross profit as a percentage of revenue increased from C$369,434 (5.8%) in 2020 to C$1,268,516 (16.9%) in 2021. This was due to economies of scale in staffing costs from our acquisition coupled with the signing of higher margin B2B customers.

Expenses

Marketing and promotion increased from C$29,146 in 2020, to C$78,804 in 2021, due to increased marketing activities in 2021 as the Company continued to expand into new areas.

Management and director fees increased from C$305,158 in 2020, to C$1,808,250 in 2021, due to increased fees to officers and the issuance of common stock to directors of the Company in 2021. The issuance of $1,300,000 in common stock to officers and directors is a non-cash expense.

Share-based compensation decreased from C$473,103 in 2020, to C$263,672 in 2021, due to fewer stock options being granted.

Consulting fees decreased from C$656,405 in 2020, to C$117,054 in 2021, due to fewer consultants to the business.

Foreign exchange costs worsened from a gain of C$61,236 in 2020, to a loss of C$31,454 in 2021, due to an increase in the exchange rate of the U.S. dollar against the Canadian dollar.

Interest expense increased from C$323,931 in 2020, to C$754,827 in 2021, due to an increase in interest due to the convertible note issuances throughout the year.

Professional fees decreased from C$655,378 in 2020, to C$389,817 in 2021, due to a decrease in accounting and legal fees.

Regulatory and filing fees increased from C$78,945 in 2020, to C$106,758 in 2021, due to an increase in charges associated with the issuance of shares.

Travel and accommodation expenses increased from C$31,692 in 2020, to C$119,692 in 2021, due to an increase in business activity.

Salaries increased from C$533,193 in 2020, to C$546,852 in 2021, primarily related to expansion into additional areas.

Office and miscellaneous expenses decreased from C$1,155,805 in 2020, to C$964,282 in 2021, due to some cost cutting measures.

In 2020 the Company recorded a loss on debt settlement of C$191,733 compared to no loss on debt settlement in 2021.

In 2020 the Company recorded a derivative liability of C$866,238 compared to a C$144,952 derivative liability in 2021 due to the convertible note issuances throughout the year.

Net loss

The Company had a net loss of C$4,874,082 in 2020 compared to C$4,102,608 in 2021, primarily due to the factors described above, including numerous one-time expenses.

The Company had its largest gross revenue quarter since inception with over $3.2M in the fourth quarter of 2021 (compared to Q4 2020 of $2.3M). Consulting fees in the fourth quarter of 2021 decreased to $25,987 (compared to Q4 2020 of $210,033) as the Company reduced the number of external consultants to conserve cash. Administrative, office and miscellaneous expenses increased in the fourth quarter 2021 to $400,802 (from 2020 Q4 of $213,536) primarily related to the consolidation of Web-to-Door Trucking in Q4 2021. During the three months ended December 31, 2021, the Company generated income before other items of $217,893. During the three-months ended December 31, 2020, the Company had an operating profit of $74,939 after factoring in non-recurring professional fees related to the Company's SEC listing, compared to an operating loss of $651,640 during the three months ended December 31, 2019.

It is important to note, that in FY 2020, approximately $2.3M of primarily non-cash expenses, including amortization, share issuances (including those related to debt settlements), derivative liabilities and approximately $500K in non-recurring (in some cases cash) expenses related to the Company's primary exchange listing in the United States on the OTCQB, our becoming a United States SEC compliant filer under the Exchange Act of 1934, as amended, the establishment of a $5M equity line of credit facility and the preparation and filing of a Registration Statement on Form F-1 in connection therewith, debt facility financings and the termination and costs (cash and stock) related to numerous previously existing contractual arrangements.

We believe these undertakings have better positioned the Company for lower operating expenses moving forward (as demonstrated, in part, by our cash operating performance in the final three months of 2021), and which provide the Company with significant additional capital to better position the Company moving forward in terms of both cashflow, and for additional acquisitions, mergers, securitization of additional warehousing facilities and/or other strategic transactions as they may arise, and which the Company may actively seek.

Year 2020 compared to year 2019

Revenue

Our revenue increased from C$4,782,865 in 2019, to C$6,317,329 in 2020, primarily due to an increase in deliveries with Amazon as well as the addition of new customer agreements.

Cost of Revenue

Our cost of revenue increased from C$4,336,556 in 2019 to C$5,947,895 in 2020. This was due to an increase in staff and acquisition/leasing of additional fleet vehicles for more Amazon routes as well as higher vehicle fuel costs.

Personnel costs increased from C$3,352,985 in 2019 to C$4,983,299 in 2020. This was due to an increase in staff for Amazon routes as well as expansion into new areas.

Vehicle fuel costs decreased from C$422,726 in 2019 to C$396,343 in 2020. This was due to decreased fuel cost for vehicles.

Amortization expense increased from C$349,668 in 2019, to C$388,859 in 2020 due to the Company entering into lease agreements to increase the delivery fleet to meet the delivery demand for Amazon.

Gross Profit

Gross profit as a percentage of revenue decreased from C$446,309 (9.3%) in 2019 to C$369,434 (5.8%) in 2020. This was due to an increase in staffing costs for an increase in Amazon routes.

Expenses

Marketing and promotion decreased from C$1,586,284 in 2019, to C$29,146 in 2020, due to decreased promotional activities in 2020.

Management and director fees increased from C$190,800 in 2019, to C$305,158 in 2020, due to increased fees to officers of the Company in 2020.

Share-based compensation decreased from C$776,962 in 2019, to C$473,103 in 2020, due to fewer stock options being granted.

Consulting fees decreased from C$860,248 in 2019, to C$656,405 in 2020, due to fewer consultants to the business.

Foreign exchange costs improved from a loss of C$12,243 in 2019, to a gain of C$61,236 in 2020, due to decrease in the exchange rate of the U.S. dollar against the Canadian dollar.

Interest expense increased from C$29,958 in 2019, to C$323,931 in 2020, due to an increase in interest due to the convertible note issuances throughout the year.

Professional fees increased from C$124,550 in 2019, to C$655,378 in 2020, due to increase in accounting and legal fees as a result of more services required by the Company due to an increase in the business activity, financing transactions and expansion onto United States markets and exchanges.

Regulatory and filing fees increased from C$48,924 in 2019, to C$78,945 in 2020, due to an increase in charges associated with the issuance of shares.

Travel and accommodation expenses decreased from C$62,459 in 2019, to C$31,692 in 2020, due to a significant decrease in travel as a result of COVID-19.

Salaries increased from C$358,074 in 2019, to C$533,193 in 2020, primarily related to expansion into additional cities.

Office and miscellaneous expenses increased from C$994,124 in 2019, to C$1,155,805 in 2020, due to increased company activity and expansion into additional cities.

In 2019 the Company recorded a loss on debt settlement of C$857 compared to a C$191,773 loss on debt settlement in 2020.

In 2019 the Company did not record a derivative liability compared to a C$866,238 derivative liability in 2020 due to the convertible note issuances throughout the year.

Net loss

The Company had a net loss of C$4,610,512 in 2019 compared to C$4,874,082 in 2020, primarily due to the factors described below, including numerous one-time expenses.

The Company had its largest gross revenue quarter since inception with over $2.3M in the fourth quarter of 2020 (compared to Q4 2019 of $1.9M). Consulting fees in the fourth quarter of 2020 decreased to $210,033 (compared to Q4 2019 of $292,450) as the Company reduced the number of external consultants to conserve cash. Administrative, office and miscellaneous expenses decreased in the fourth quarter 2020 to $213,536 (from 2019 Q4 of $262,927) due to cost saving measures undertaken by management to streamline the business. During the three-months ended December 31, 2020 the Company had an operating profit of $74,939 after factoring in non-recurring professional fees related to the Company's SEC listing, compared to an operating loss of $651,640 during the three months ended December 31, 2019.

It is important to note, however, that in FY 2020, approximately $2.3M of primarily non-cash expenses, including amortization, share issuances (including those related to debt settlements), derivative liabilities and approximately $500K in non-recurring (in some cases cash) expenses related to the Company's primary exchange listing in the United States on the OTCQB, our becoming a United States SEC compliant filer under the Exchange Act of 1934, as amended, the establishment of a $5M equity line of credit facility and the preparation and filing of a Registration Statement on Form F-1 in connection therewith, debt facility financings and the termination and costs (cash and stock) related to numerous previously existing contractual arrangements.

We believe these undertakings have better positioned the Company for lower operating expenses moving forward (as demonstrated, in part, by our cash operating performance in the final three months of 2020), and which provide the Company with significant additional capital to better position the Company moving forward in terms of both cashflow, and for possible acquisitions, mergers, securitization of our own warehousing facility and/or other strategic transactions as they may arise, and which the Company may actively seek.

Liquidity and capital resources

Since our inception, our operations have, in significant measure, been financed through the issuance of equity securities. Additional funding has come through convertible debt issuances . We believe that our current working capital (together with access to our available equity line of credit) is sufficient for our present business requirements; however, if we undertake a significant expansion, acquisition or joint venture in Canada, the United States or elsewhere, we will likely need to raise additional capital through one or more sources to fund such transaction(s). While we generate cash flow, it is currently not sufficient to maintain operations. As a result, we believe we will need to raise additional capital, and also have the ability to draw upon the equity line of credit with Tangiers Global, LLC under the terms of the Investment Agreement we entered with them, for our aforementioned expansion plans through the end of 2021. Such financings may come in the form of equity, debt or through a combination of debt and/or equity financing structures.

We have incurred significant losses since our inception. We incurred losses of C$4,102,608, C$4,874,082 and C$4,610,512 in 2021, 2020 and 2019, respectively. As at December 31, 2021, the Company had a working capital deficit of C$3,972,955 compared to a working capital deficit of C$2,379,864 as at December 31, 2020.

The Company manages its capital. In doing so, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of a social collaborative charting, news and communication platform for traders. The Board of Directors does not establish 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. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2021.

Equity issues

For more information, see Item 10A "Share Capital".

Convertible notes

On April 14, 2020 the Company executed a non-brokered private placement pursuant in which it issued an unsecured convertible note to Tangiers Global, LLC ("Tangiers") with a face value of US$367,500 (the April 2020 Note). Under the terms of the Note, US$250,000 was advanced to the Company on closing, and a second tranche of US$100,000 was funded to us in May 2020. In connection with this convertible note, the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares.. The "Maturity Date" of this note, as amended, was 6 months from the funding of any tranche. The April 2020 Note carried a one-time guaranteed interest rate of 10% on the principal sum of each funded tranche. The principal amount was convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.06 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.06 per share or (b) 65% of the lowest volume weighted average price of the Company's common shares during the 10 consecutive trading prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The April 2020 Note has been fully converted and is retired from the books of the Company.

On June 29, 2020 the Company executed a non-brokered private placement pursuant in which it issued an unsecured convertible single tranche note to Tangiers with a face value of US$210,000 (the "June Note"). Under the terms of the June Note, US$200,000 was advanced to the Company at closing, and the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares. The June Note carried a one-time guaranteed interest rate of 5% on the principal sum, and, as amended, had a maturity date of six months from the effective date of the transaction (or February 14, 2021). The principal sum was convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.08 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder had the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.08 per share or (b) 75% of the average of the two lowest volume weighted average price of the Company's common shares during the 15 consecutive trading prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The June Note has been fully converted and is retired from the books of the Company.

On September 29, 2020, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible three tranche note to Tangiers with a face value of US$525,000 (the "September Note"). Under the terms of the September Note, US$150,000 was advanced to the Company at closing, and the Company issued 150,000 unregistered common shares to Tangiers as investment incentive shares. On October 15, an additional US$75,000 was funded by Tangiers to the Company, and the Company issued 75,000 unregistered common shares to Tangiers as investment incentive shares. On December 15, an additional US$100,000 was funded by Tangiers to the Company, and the Company issued 100,000 unregistered common shares to Tangiers as investment incentive shares. On January 12, 2021, an additional US$175,000 was funded by Tangiers to the Company, and the Company issued 175,000 unregistered common shares to Tangiers as investment incentive shares. The September Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche of (or March 29, 2021), and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.06 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.06 per share or (b) 75% of the average of the two lowest volume weighted average price of the Company's common shares during the 15 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. This Note has been fully converted and is retired from the books of the Company.

On March 12, 2021, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible three tranche note to Tangiers with a face value of US$1,050,000 (the "March Note"). Under the terms of the March Note, US$350,000 was advanced to the Company at closing, and the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares. On April 13, an additional US$325,000 was funded by Tangiers to the Company. On May 27, an additional US$325,000 was funded by Tangiers to the Company. The March Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche of (or April 12, 2021), and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.13 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.13 per share or (b) 83% of the average of the two lowest volume weighted average price of the Company's common shares during the 10 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. This Note has been mostly converted with the exception of US$6,000 remaining.

On September 15, 2021, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible multi tranche note to Tangiers with a face value of up to US$2,300,000 (the "September Note"). Under the terms of the September Note, US$700,000 was advanced to the Company at closing, and the Company issued 500,000 unregistered common shares to Tangiers as investment incentive shares. On November 23, an additional US$640,000 was funded by Tangiers to the Company, and the Company issued 500,000 unregistered common shares to Tangiers as investment incentive shares. We have not taken and the holder has not funded the third tranche of this Note as of the date of this annual report. There is an option for a fourth tranche in the amount of $325,000 to be funded by the noteholder upon mutual agreement of the Company and investor. The September Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche, and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.09 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.09 per share or (b) 83% of the average of the two lowest volume weighted average price of the Company's common shares during the 10 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. None of the September Note has been converted as of the date of this annual report.

Cash flows

Audited Financial Years

The following table set forth the sources and uses of cash for the past three years:

(in C$)	**2021**	**2020**	**2019**
Net cash used in operating activities	(1,117,145)	(927,129)	(2,690,049)
Net cash from/(used in) investing activities	(1,567,465)	(112,034)	68,374
Net cash from/(used in) financing activities	2,948,428	999,238	837,282

Comparison of cash flows for the Year ended December 31, 2021, with the Year ended December 31, 2020

Operating activities.

Net cash flow in operating activities increased from a negative C$927,129 in 2020 to a negative C$1,117,145 in 2021 due to an increase in shares issued in lieu of consulting fees.

Investing activities.

Net cash flow in investing activities increased from a negative C$112,034 in 2020 to a negative C$1,567,465 in 2021, primarily as a result of the Company's US acquisition.

Financing activities.

Net cash flow in financing activities increased from C$999,238 in 2020 to C$2,948,428 in 2021, primarily as a result of the issuance of convertible notes in 2021.

Comparison of cash flows for the Year ended December 31, 2020, with the Year ended December 31, 2019

Operating activities.

Net cash flow in operating activities decreased from a negative C$2,690,049 in 2019 to a negative C$927,129 in 2020, primarily as a result of a decrease in marketing and promotion expenses as well as a decrease in shares issued in lieu of consulting fees.

Investing activities.

Net cash flow in investing activities changed from a positive C$68,374 in 2019 to a negative C$112,034 in 2020, primarily as a result of the purchase of fleet vehicles for company expansion.

Financing activities.

Net cash flow in financing activities increased from C$837,282 in 2019 to C$999,238 in 2020, primarily as a result of the issuance of convertible notes in 2020.

C. Research and development

The Company had been focusing on the development of back-end tooling, operational tooling, and sales tooling. However, with the shift in Company strategy from a B2C to a B2B focus, we determined to end the back end tooling development in the fourth quarter of 2020, and instead in-licensed a technology platform for last-mile delivery and cross docking going forward.

D. Trend Information

On January 30, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. Despite the rollout of vaccines and therapeutics in late 2020 and into 2021, the COVID-19 pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

The Company has been focused on increasing its sales and operations with Amazon, but as disclosed elsewhere, we have also been focused on customer diversification, expansion into profitable industries and exploring options related to continue our expansion and growth geographically and operationally. Our CEO has been focusing on small and medium enterprise clients, and in mid-2020 enhanced our B2B business focus to further expand and diversify our customer base and revenue streams going forward, including by engaging with meal kit, health, grocery and pharmacy companies, which are also less seasonal.

Overall company costs have been stable. Increases in fuel prices will have a negative impact on our gross margins. In 2020, we began implementing initiatives to right-size the business by focusing on becoming more cost-efficient, and believe we have achieved that objective based on our current position at this time. This does not preclude the possibility that we may need to expand staff or management if and as needs arise from expansion or other changes in our business, or in other ways as the broader market may require going forward.

E. Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

F. Tabular disclosure of contractual obligations

As of December 31, 2021, our contractual obligations were as set forth below:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
Debt obligations	2,429,227	2,429,227	—	—	—
Lease obligations	563,330	158,409	223,623	181,298	—
Total	2,992,557	2,587,636	223,623	181,298	—

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The names and details of the Company's Directors and senior management at the date of this report are as follows:

Rich Wheeless	Chief Executive Officer, Chief Financial Officer, Director
Brian Storseth	Director, Chairman of the Board of Directors
Robert Faissal	Director
Alex Nuttall	Director

Rich Wheeless. Mr. Wheeless has been our Chief Financial Officer since March 2020 and our Chief Executive Officer since April 2020. He has been an active investor, adviser and/or board member for numerous privately held companies. Most recently, he was the CFO of the publicly traded company, Taal Distributed Information Technologies Inc. (OTCQX: TAALF). Prior to that, he was the Chief Financial Officer for the security software company Rivetz Inc. Previous to that, he was the CFO of LaunchKey Inc. and Pilus Energy, respectively, which were both acquired by publicly traded companies. Mr. Wheeless has over 15 years of financial leadership and corporate management experience working across various industry sectors, and in both public and private enterprise.

Mr. Wheeless has also held managerial posts at Johnson and Johnson, as well as Cardinal Health. He originally started his career in the private equity division at Citigroup.

Mr. Wheeless holds a Master of Business Administration with honors from Otterbein University and a Bachelor of Science in Finance from Miami University.

Brian Storseth. Mr. Storseth has been a Member of Parliament for Westlock-St. Paul from 2006 to 2015. Mr. Storseth is currently the Chairman of the Board of Directors of Reliq Health Technologies, and the Managing Partner of the Maverick Capital Fund. Mr. Storseth studied political science at the University of Alberta while simultaneously working in the Office of the Speaker of the Legislative Assembly of Alberta.

Robert Faissal. Mr. Faissal is the Managing Partner of Lebita Consulting Services Ltd, a Toronto based business development and investment group with emphasis on commercial relationships in North America, the Middle East and Africa. Lebita Consulting focuses on finance, healthcare, real estate and environmental projects. Mr. Faissal was the Managing Partner of Richmond Development, an Abu Dhabi based multi-disciplinary global investment group. From 1997 until 2000, Mr. Faissal served as the Managing Director/Middle East & Africa for the Philadelphia based Wharton Econometrics Forecasting Associates (WEFA Group) advising various governments and private sector clients on economics, financial and investment matters in the Middle East and Africa. Mr. Faissal serves on the Advisory Board of Dario Health (a NASDAQ company), Vice Chairman of Frankfurt based Pearl Gold and a Director & CFO at Cherry Street Capital (TSXV: CHSC.P). Mr. Faissal holds a Master of Arts degree in Economics & International Finance from McMaster University in Canada and an undergraduate Honors Degree in Economics from the University of Western Ontario.

Alex Nuttall. Mr. Nuttall has been a Member of Parliament for Barrie-Springwater-Oro-Medonte from October 2015. Subsequently, Mr. Nuttall has been the Official Opposition Shadow Minister for Youth, Sports and Persons with Disabilities from August 30, 2017, and the Shadow Minister for Internal Trade from January 2019 to March 2019.

Before entering politics, Mr. Nuttall spent eight years in the financial services industry which included working for two of Canada's top five banks, with experience financing mid-tier hotels.

B. Compensation

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, at its discretion, and in accordance with the CSE requirements to, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Each stock option permits the holder to purchase one share at the stated exercise price. The options vest at the discretion of the Board of Directors.

Consulting Agreement with Rich Wheeless

On March 27, 2020, Rich Wheeless, entered into a consulting agreement (the "Consulting Agreement") with the Company and was appointed Chief Financial Officer, with retroactive effectiveness as of March 1, 2020. On April 6, 2020, Rich Wheeless was appointed Chief Executive Officer.

Under the terms of the Consulting Agreement, effective for a period of 36 months, Rich Wheeless will perform the role and duties required by his position within the Company. Regarding the compensation package, Rich Wheeless will be paid in cash (i) US$6,000 per month through December 31, 2020; (ii) US$10,000 per month from January 1, 2021, to December 31, 2021, increased to US$12,000 per month if the annual gross revenues of the Company reach the target for that year; (iii) US12,000 per month January 1, 2022, to December 31, 2022, increased to US$15,000 if the annual gross revenues of the Company reach the target for that year; and (iv) US$15,000 per month from January 1, 2023, to March 1, 2023, increased to US$17,000, if the annual gross revenues of the Company reach the target for that year. Cash bonuses will be payable each year, contingent on the satisfaction of revenue milestone requirements. At the beginning of 2021 the monthly consulting fee for the year was increased and Rich Wheeless will be paid in cash US$16,666.67 per month through December 31, 2021.

In addition, Rich Wheeless was granted 2,000,000 unvested restricted common shares on March 27, 2020. On May 15, 2020, 1,000,000 common shares vested. On July 15, 2020, 500,000 common shares vested. The remaining 500,000 restricted common shares vested on October 15, 2020.

The Company's board may terminate this Consulting Agreement without cause at any time upon providing the CEO thirty days' notice, or payment in lieu of such notice. Our CEO may terminate this Consulting Agreement at any time upon giving forty-five days' notice in writing to the Company.

Options

On May 6, 2020 the Company granted an aggregate of 2,875,000 stock options to directors and officers of the Company. The May 2020 options have an exercise price of $0.09 per option and expire on May 6, 2025. On November 12, 2020 the Company granted an aggregate of 2,100,000 stock options to directors and officers of the Company. The November 2020 options have an exercise price of $0.075 per option and expire on November 12, 2025. On January 22, 2021 the Company granted an aggregate of 2,000,000 stock options to directors and officers of the Company. The January 2021 options have an exercise price of $0.145 per option and expire on January 22, 2026. Each option, if exercised, is convertible to one common share upon exercise. For more information see Section 6E "Share Ownership".

C. Board Practices

The role of the Board is as follows:

- representing and serving the interests of shareholders by overseeing and appraising the strategies, policies and performance of the Company. This includes overviewing the financial and human resources the Company has in place to meet its objectives and the review of management performance;
- protecting and optimizing company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Articles and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- responsible for the overall corporate governance of the Company and its subsidiaries, including monitoring the strategic direction of the Company and those entities, formulating goals for management and monitoring the achievement of those goals;
- setting, reviewing and ensuring compliance with the Company's values (including the establishment and observance of high ethical standards); and
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Responsibilities/functions of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the CEO;
- reviewing procedures in place for appointment of senior management and monitoring of its performance, and for succession planning;
- overseeing the Company, including its control and accountability systems;
- input into and final approval of management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing and guiding systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures in place to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- overseeing and monitoring compliance with the corporate governance policies;

- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; and
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person subject to ultimate responsibility of the directors.

Matters which are specifically reserved for the Board or its committees include the following:

- appointment of a Chair;
- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or as additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- development and review of corporate governance principles and policies;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders; and
- any other specific matters nominated by the Board from time to time.

Structure of the Board

The Company's Articles govern the regulation of meetings and proceedings of the Board. The Board determines its size and composition, subject to the terms of the Articles.

The appointment and expiration dates of each director in office at the date of this report is as follows:

Name	Position	Year First Appointed	Current term expires
Alex Nuttall	Director	2019	2022
Robert Faissal	Director	2019	2022
Brian Storseth	Board Chairman	2019	2022
Rich Wheeless	CEO, CFO, Director	2020	2022

Further details on each director can be found in "Names, titles, experience and expertise" above.

Term of Directors

At every annual general meeting all directors cease to hold office immediately before the election or appointment of new directors, but are eligible for re-election or re-appointment. The current members of our board of directors were elected (other than Rich Wheeless) at the annual general shareholder meeting held on October 15, 2019, and will hold their director position until the earlier of the next annual general shareholder meeting or appointment of new directors. Rich Wheeless was appointed to the board of directors concurrently with his appointment as an executive officer of the Company on March 20, 2020, and will hold such board position until the earlier of the next annual general shareholder meeting or the appointment of a new director for his board seat.

Board of Directors

The Board of the Company is elected by and accountable to shareholders. The Board monitors and directs the business and is responsible for the corporate governance of the Company. As at December 31, 2020, the Board comprised of four directors, three of whom were non-executive directors.

D. Employees

As of the end of each of the last three years, the Company had under hire (either as employees or independent contractors) the following number of people on a full-time basis:

	2021	2020	2019
Category of Activity			
Research and Development	1	1	1
Finance and Administration	10	10	10
Couriers	163	105	92
Total	174	116	103

	2021	2020	2019
Geographic Location			
Canada	120	116	103
United States	54	-	-
Total	174	116	103

E. Share Ownership

Directors' interests in the shares of the Company as of December 31, 2021:

Share ownership

The number of common shares in the Company held as of December 31, 2021, by each Director, including their personally related parties, is set out below:

	Number	Percentage
Common shares		
Rich Wheeless	9,000,000	5.80%
Brian Storseth	5,241,860	3.38%
Robert Faissal	1,000,000	0.64%
Alex Nuttall	1,000,000	0.64%
Total	16,241,860	10.46%

Rich Wheeless was granted 2,000,000 restricted common shares on March 27, 2020. On May 15, 2020, 1,000,000 common shares vested. On July 15, 2020, 500,000 common shares vested. The remaining 500,000 restricted common shares vested on October 15, 2020. On September 7, 2021, an additional 4,000,000 restricted common shares were granted as additional compensation to the executive.

On June 9, 2020, the Company agreed to issue 1,200,000 common shares to 1824400 Alberta Limited, a private company controlled by Brian Storseth, our Chairman of the Board of Directors, to settle all the amounts due under the Business Advisor Service Agreement which had been entered into on June 20, 2019. See Section 7B "Related party transaction" for more information.

On September 7, 2021, the Company agreed to issue an additional 4,000,000 common shares to Brian Storseth, 1,000,000 to Robert Faissal, and 1,000,000 to Alex Nuttall as compensation for acting as directors.

Options

On May 6, 2020 the Company granted an aggregate of 2,875,000 stock options to directors and officers of the Company. The options have an exercise price of C$0.09 per option and expire on May 6, 2025. Each option is convertible to one common share upon exercise.

On November 12, 2020 the Company granted an aggregate of 2,100,000 stock options to directors and officers of the Company. The options have an exercise price of $0.075 per option and expire on November 12, 2025. Each option is convertible to one common share upon exercise.

On January 22, 2021 the Company granted an aggregate of 2,000,000 stock options to directors and officers of the Company. The options have an exercise price of $0.145 per option and expire on January 22, 2026. Each option is convertible to one common share upon exercise.

	No of options	Grant date	Expiry date	Exercise price
Rich Wheeless	**1,000,000**	**May 6, 2020**	**May 6, 2025**	**$ 0.09**
Brian Storseth	**500,000**	**May 6, 2020**	**May 6, 2025**	**$ 0.09**
Robert Faissal	**400,000**	**May 6, 2020**	**May 6, 2025**	**$ 0.09**
Alex Nuttall	**300,000**	**May 6, 2020**	**May 6, 2025**	**$ 0.09**

	No of options	Grant date	Expiry date	Exercise price
Rich Wheeless	1,000,000	November 12, 2020	November 12, 2025	$ 0.075
Brian Storseth	500,000	November 12, 2020	November 12, 2025	$ 0.075
Robert Faissal	300,000	November 12, 2020	November 12, 2025	$ 0.075
Alex Nuttall	300,000	November 12, 2020	November 12, 2025	$ 0.075

	No of options	Grant date	Expiry date	Exercise price
Rich Wheeless	1,000,000	January 22, 2021	January 22, 2026	$ 0.145
Brian Storseth	500,000	January 22, 2021	January 22, 2026	$ 0.145
Robert Faissal	250,000	January 22, 2021	January 22, 2026	$ 0.145
Alex Nuttall	250,000	January 22, 2021	January 22, 2026	$ 0.145

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

As of December 31, 2021, Rich Wheeless who is the CEO & Director or ParcelPal owns 5.80% of our voting securities. No other shareholder of ParcelPal owns at least 5% of our voting securities.

B. Related party transactions

On June 20, 2019, we entered into a Business Advisor Service Agreement with 1824400 Alberta Limited, a private company controlled by Brian Storseth, our Chairman of the Board of Directors, to provide business advisory services with respect to the expansion of our business activities. On June 5, 2020, the parties mutually agreed to terminate the Business Advisor Service Agreement. The Company has agreed to issue 1,200,000 common shares to 1824400 Alberta Limited to settle all the amounts due under such agreement. This contract was terminated on June 5, 2020, and the shares were issued in full at C$0.15 per share. Under the terms of the Business Advisor Service Agreement, 1824400 Alberta Limited had agreed to provide consulting services to the Company, in particular regarding the expansion of the Company's operations in Canada, introducing the Company to potential business partners, and assisting the Company in business negotiations.

C. Interests of Experts and Counsel

Not applicable

Item 8. Financial Information

A. Statements and Other Financial Information

Financial statements are included in Item 18. “Financial Statements” commencing on page F-1.

Legal proceedings

No current legal or arbitration proceeding has been filed against the Company that we reasonably believe would have a significant impact on our financial position or be expected to materially adversely impact our Company, which is pending or is reasonably expected to be pending. In the ordinary course of our business, we are faced with incidental claims or threatened claims, none of which we believe are material or that have proceeded to litigation.

Dividends

There were no dividends paid, recommended, or declared during years 2021, 2020 or 2019.

B. Significant Changes

No significant change has occurred since the date of the annual financial statements included in this annual report on Form 20-F.

Item 9. The Offer and Listing

A. Offer and listing details

On April 15, 2013, we listed our common shares on the Canadian Securities Exchange (“CSE”) with the trading symbol “PKG”. On December 5, 2016, we listed our common shares on the Frankfurt Stock Exchange (“FSE”) with the trading symbol “PT0”. On January 4, 2017, we opened a secondary market quotation of our common shares on the OTC Venture Marketplace with the trading symbol “PTNYF”, but which we up-listed for primary trading capability to the OTCQB on October 6, 2020.

B. Plan of Distribution

Not applicable

C. Markets

Our common shares are listed on the Canadian Securities Exchange (“CSE”) with the trading symbol “PKG”, on the Frankfurt Stock Exchange (“FSE”) with the trading symbol “PT0”, and on the OTCQB market with the trading symbol “PTNYF”

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D. Selling Shareholders

Not applicable

E. Dilution

Not applicable

F. Expenses of the issue

Not applicable

Item 10. Additional Information

A. Share Capital

As of December 31, 2021, we had 155,838,733 common shares issued and outstanding.

During the year ended December 31, 2021:

a) On January 7, 2021, the Company issued 1,975,822 common shares pursuant to the settlement of US$118,549 convertible debt, the shares were fair valued at $316,133.
b) On January 13, 2021, the Company issued 2,756,250 common shares pursuant to the settlement of US$220,500 convertible debt, the shares were fair valued at $468,563.
c) On January 15, 2021, Company issued 175,000 incentive shares pursuant to the issuance of a convertible note of US$175,000.
d) On February 2, 2021, the Company issued 2,756,250 common shares pursuant to the settlement of US$165,375 convertible debt, the shares were fair valued at $385,875.
e) On February 17, 2021, the Company issued 1,378,125 common shares pursuant to the settlement of US$82,688 convertible debt, the shares were fair valued at $323,859.
f) On March 15, 2021, the Company issued 300,000 incentive shares pursuant to the issuance of a convertible note of US$367,500.
g) On May 20, 2021, the Company issued 5,053,125 common shares pursuant to the settlement of US$303,188 convertible debt, the shares were fair valued at $682,172.
h) On June 2, 2021, the Company issued 833,333 common shares in lieu of fees to a consultant of the Company. The share were fair valued at $91,667.
i) On September 15, 2021, the Company issued 13,777,778 common shares as part of the Trucking Acquisition, the shares were fair valued at $1,611,020. The Company also issued 500,000 incentive shares pursuant to the issuance of a convertible note.
j) On September 22, 2021, the Company issued 2,670,925 common shares pursuant to the settlement of US $184,000 convertible debt, the shares were fair valued at $280,447.
k) On September 30, 2021, the Company issued 13,000,000 common shares in lieu of fees to directors and officers of the Company, the shares were fair valued at $1,430,000.
l) On November 15, 2021, the Company issued 1,922,707 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $182,657.
m) On December 7, 2021, the Company issued 2,528,448 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $189,634.
n) On December 29, 2021, the Company issued 2,500,000 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $137,500.
o) The Company issued 657,000 shares pursuant to the exercise of 657,000 warrants for gross proceeds of $98,500.
p) The Company issued 100,000 shares pursuant to the exercise of 100,000 stock options for gross proceeds of $9,000.

During the year ended December 31, 2020:

a) On December 23, 2020, the Company issued 1,846,564 common shares to settle $110,794 USD of convertible debt.
b) On December 21, 2020 the Company issued 100,000 common shares as consideration for a convertible note issued by the Company.
c) On December 17, 2020, the Company issued 1,666,667 common shares to settle $100,000 USD of convertible debt.
d) On December 14, 2020, the Company issued 833,333 common shares to settle $50,000 USD of convertible debt.
e) On November 12, 2020 the Company granted 1,000,000 options to consultants of the Company. The options have an exercise price of $0.09 per option and expire within 5 years from the grant date.
f) On November 12, 2020 the Company granted 2,100,000 options to directors and officers and consultants of the Company. The options have an exercise price of $0.075 and expire within 5 years from the grant date.
g) On November 6, 2020, the Company issued 262,500 common shares in lieu of cash consulting fees.
h) On October 16, 2020, the Company issued 75,000 common shares pursuant to the issuances of an additional convertible note.
i) On September 29, 2020, the Company issued 150,000 common shares pursuant to the issuance of an additional convertible note.
j) On September 15, 2020, the Company issued 500,000 common for management fees.
k) On August 27, 2020, the Company issued 583,333 common shares to settle $35,000 USD of convertible debt.
l) On July 22, 2020, the Company granted 500,000 options to consultants of the Company. The options have an exercise price of C$0.09 per option and expire within 5 years from the grant date.

m) On July 15, 2020, the Company issued 500,000 common shares for management fees.
n) On July 3, 2020, the Company issued 1,000,000 common shares for management fees.
o) On June 30, 2020, the Company issued 300,000 shares in relation to the non-brokered private placement dated June 29, 2020.
p) On June 24, 2020, the Company issued 600,000 shares to settle a contract with a consultant.
q) On June 11, 2020, the Company issued 1,200,000 shares to 1824400 Alberta Limited to settle all amounts under the Business Advisor Service Agreement.
r) On June 9, 2020, the Company issued 270,000 shares to a consultant to settle C$27,000 of debt.
s) On May 29, 2020 the Company issued 600,000 shares in relation to the non-brokered private placement dated April 14, 2020.
t) On May 6, 2020, the Company granted 2,875,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of C$0.09 per option and expire on May 6, 2025.
u) During the three months ended on March 31, 2020, the Company received C$58,650 of subscription receivable.
v) On March 23, 2020, the Company issued 205,556 common shares in lieu of fees to a consultant of the Company. The shares were fair valued at C$18,500.
w) On February 21, 2020, 1,000,000 stock options were exercised for proceeds of C$90,000, which were recorded as subscriptions received in advance at December 31, 2019.
x) On February 11, 2020, the Company issued 416,667 commons shares to settle debt of C$50,000.
y) On January 30, 2020, the Company granted 250,000 to an employee of the Company, the options have an exercise price of C$0.14 and expire on January 30, 2023. The options vest on January 30, 2021.
z) On January 14, 2020, the Company issued 600,000 common shares in lieu of fees for consulting services. The shares were fair valued at C$72,000.
aa) On January 9, 2020, the Company granted 362,222 stock options to a consultant of the Company. The options have an exercise price of C$0.14 and expire on January 9, 2021.

During the year ended December 31, 2019:

a) On November 22, 2019, the Company closed a non-brokered private placement financing consisting of 4,071,353 units at a price of C$0.085 per unit for gross proceeds of C$346,065, which were received during the year ended December 31, 2019. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of C$0.15 per share for a period of 24 months from the date of issuance. The Company incurred cash share issuance costs of C$20,442 and issued 48,800 finders' warrants exercisable at a price of C$0.15 per share for a period of 24 months from the date of grant. The fair value of the finders warrants were fair valued at C$2,034 using the Black Scholes option pricing model.
b) On September 10, 2019 the Company issued 280,000 common shares at a fair value equivalent to C$37,800 in lieu of fees.
c) On September 10, 2019 the Company issued 293,020 common shares to settle debt of C$63,000.
d) On July 30, 2019 the Company issued 500,000 common shares at a fair value equivalent to C$115,000 in lieu of directors' fees.
e) On April 8, 2019, the Company issued 171,427 common shares to its officers, directors and consultants to settle corporate indebtedness of C$60,000. The shares fair value was C$60,857, and a loss on debt settlement of C$857 was recorded.
f) On March 22, 2019, the Company issued 210,000 common shares at a fair value equivalent to C$79,800 in lieu of directors fees.
g) On January 31, 2019, the Company issued 150,000 common shares to settle debt of C$45,000.
h) During the year ended December 31, 2019, the Company received C$194,737 of subscriptions receivable in exchange for shares.
i) During the year ended December 31, 2019, the Company issued 1,275,000 common shares pursuant to exercise of stock options for proceeds of C$256,249.
j) During the year ended December 31, 2019, the Company issued 2,958,600 common shares pursuant to exercise of warrants for proceeds of C$339,870.
k) During the year ended December 31, 2019, the Company issued 600,000 common shares at a fair value equivalent to C$132,000 in lieu of directors' fees.

B. Memorandum and Articles of Association

Incorporation

The Company was incorporated in Alberta on March 10, 1997, under the name 730898 Alberta Ltd. On December 10, 1997, we changed our name to First Industrial Capital Corporation. On January 8, 2001, we changed our name to Onbus Technologies Inc. We continued to British Columbia under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on June 22, 2006 under the name Royal Monashee Gold Corp. On November 12, 2012, we changed our name to Plus8 Global Ventures Ltd. On March 17, 2016, we changed our name to ParcelPal Technology Inc.. On June 17, 2021 we changed our name to ParcelPal Logistics Inc.

Objects and Purpose

The Company's Memorandum and Articles of Incorporation ("Articles") do not contain a description of the Company's objects and purposes.

Directors

Management of the Company's Business

The directors of the Company manage and supervise the management of the affairs and business of the Company and have authority to exercise all such powers of the Company as are not, by the BCBCA or by the Articles, required to be exercised by the Company's shareholders.

Election and Qualification of Directors

Each director holds office until the Company's next annual general meeting or until he or she is removed, dies or his office is earlier vacated in accordance with the Company's Articles or with the provisions of the BCBCA. A director appointed or elected to fill a vacancy on the Company's board holds office until the Company's next annual general meeting.

Under the Company's Articles, a director is not required to hold a share in the authorized capital of the Company as qualification for his or her office but must be qualified as required by the BCBCA to become, act or continue to act as a director.

Remuneration of Directors

The directors are entitled to the remuneration, if any, for acting as directors as the directors may from time to time determine. If the directors so decide, the remuneration of the directors will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to a director in such director's capacity as an officer or employee of the Company.

Disclosable Interest

Our Articles do not restrict a director's power to vote on a proposal, arrangement or contract in which the director is materially interested (although the BCBCA generally requires a director who is materially interested in a material contract or material transaction, to disclose his or her interest to the Board, and to abstain from voting on any resolution to approve the contract or transaction, failing which the British Columbia Supreme Court may, on application of our Company or any of our shareholders, set aside the material contract or material transaction on any terms that it thinks fit, or require the director to account to the Company for any profit or gain realized on it, or both).

Borrowing Powers

The Company's Articles provide that the Company, if authorized by its directors, may:

- borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Retirement

Our Articles do not set out a mandatory retirement age for our directors.

Authorized Capital

The Company's authorized capital consists of an unlimited number of common shares without par value.

Special Rights or Restrictions Attached to Shares

The holders of common shares are entitled to receive notice of and to attend all annual and special meetings of the Company's shareholders and to one vote in respect of each common share held at the record date for each such meeting. The board of directors are entitled, in their discretion, to declare and issue dividends to the holders of common shares, payable in cash, shares, check, assets or debentures or such other form as the board of directors may determine. The holders of common shares will participate pro rata in any distribution of the assets of the Company upon liquidation, dissolution or winding-up or other distribution of the assets of the Company. Such participation will be subject to the rights, privileges, restrictions and conditions attached to any of the Company's securities issued and outstanding at such time ranking in priority to the common shares upon the liquidation, dissolution or winding-up of the Company. Common shares are issued only as fully paid and are non-assessable.

The Company does not currently have preferred stock authorized for issuance.

Subject to any special rights or restrictions attached to any class or series of shares, the Company may, if it is authorized to do so by the directors, purchase or otherwise acquire any of its shares.

Subject to the BCBCA, the directors may, by resolution create one or more classes or series of shares, or, if none of the shares of that particular series are issued, alter the Articles of the Company, as the case may be, to do among other things, one or more of the following:

- determine the maximum number of shares of that class that the Company is authorized to issue;
- determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- create an identifying name for the shares of that series, or alter any such identifying name; and
- attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

The provisions in our Articles attaching to our common shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the outstanding common shares.

With the exception of special resolutions (i.e. resolutions in respect of fundamental changes to our company, including: the sale of all or substantially all of our assets, a merger or other arrangement or an alteration to our authorized capital that is not allowed by resolution of the directors) that require the approval of holders of two-thirds of the outstanding common shares entitled to vote at a meeting, either in person or by proxy, resolutions to approve matters brought before a meeting of our shareholders require approval by a simple majority of the votes cast by shareholders entitled to vote at a meeting, either in person or by proxy.

Options and Warrants

We may issue at any time options or warrants. Each option and each warrant carries the right to acquire one fully-paid non-assessable common share in our capital.

Shareholders

Location of Meetings

The Articles do not restrict the location at which meetings of shareholders may be held, but the location for the meeting must be approved by an ordinary resolution of the shareholders or approved in writing by the British Columbia Registrar of Companies before the meeting is held.

Time to Hold Meetings

The Company's Articles and the BCBCA provide that the Company's annual meetings of shareholders must be held at least once in each calendar year and not more than 15 months after the last annual general meeting at such time and place as the Company's directors may determine.

Calling Meetings

The Company's directors may, at any time, call a meeting of shareholders. Under the BCBCA, the holders of not less than five percent of the Company's issued shares that carry the right to vote at a meeting may requisition the Company's directors to call a meeting of shareholders for the purposes of transacting any business that may be transacted at a general meeting.

Persons Entitled to Attend Meetings

Shareholders entitled to vote at meetings are entitled to attend any meeting of shareholders. In addition, the directors, the president, if any, the secretary, if any, and any lawyer or auditor for the Company are entitled to attend any meeting of shareholders, but if any of those persons do attend a meeting of shareholders, that person is not to be counted in the quorum, and is not entitled to vote at the meeting, unless that person is a shareholder or proxy holder entitled to vote at the meeting.

Participation at Meetings

Pursuant to Article 8.20, a shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other; provided, however, that nothing in this section shall obligate the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders. If one or more shareholders or proxy holders participate in a meeting of shareholders in a manner contemplated by Article 8.20:

- each such shareholder or proxy holder shall be deemed to be present at the meeting; and
- the meeting shall be deemed to be held at the location specified in the notice of the meeting.

Quorum

Under the Company's Articles, the quorum for the transaction of business at a meeting of our shareholders is one person who is a shareholder, who is present in person or represented by proxy.

C. Material contracts

Goodfood Transportation Services Agreement

On May 26, 2020, the Company entered into a Transportation Services Agreement with Goodfood. Under its terms, ParcelPal will provide same-day delivery courier services for Goodfood's customers, in Vancouver and Calgary. In particular, ParcelPal shall provide last mile delivery services on behalf of Goodfood, within the markets and days of any week as agreed between the parties. Goodfood shall compensate ParcelPal according to fix rates based on successful deliveries. Either party shall be able to terminate this agreement without cause and at any time, upon giving written notice to the other party. In addition, Goodfood shall be able to terminate the agreement upon giving written notice to ParcelPal if ParcelPal fails to maintain agreed rates of successful deliveries.

Tangiers Notes

On April 14, 2020 the Company executed a non-brokered private placement pursuant in which it issued an unsecured convertible note to Tangiers Global, LLC ("Tangiers") with a face value of US$367,500 (the April 2020 Note). Under the terms of the Note, US$250,000 was advanced to the Company on closing, and a second tranche of $100,000 was funded to us in May 2020. In connection with this convertible note, the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares.. The "Maturity Date" of this note, as amended, was 6 months from the funding of any tranche. The April 2020 Note carried a one-time guaranteed interest rate of 10% on the principal sum of each funded tranche. The principal amount was convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.06 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.06 per share or (b) 65% of the lowest volume weighted average price of the Company's common shares during the 10 consecutive trading prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The April 2020 Note has been fully converted and is retired from the books of the Company.

On June 29, 2020 the Company executed a non-brokered private placement pursuant in which it issued an unsecured convertible single tranche note to Tangiers with a face value of US$210,000 (the "June Note"). Under the terms of the June Note, US$200,000 was advanced to the Company at closing, and the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares. The June Note carried a one-time guaranteed interest rate of 5% on the principal sum, and, as amended, had a maturity date of six months from the effective date of the transaction (or February 14, 2021). The principal sum was convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.08per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder had the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.08 per share or (b) 75% of the average of the two lowest volume weighted average price of the Company's common shares during the 15 consecutive trading prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The June Note has been fully converted and is retired from the books of the Company.

On September 29, 2020, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible three tranche note to Tangiers with a face value of US$525,000 (the "September Note"). Under the terms of the September Note, US$150,000 was advanced to the Company at closing, and the Company issued 150,000 unregistered common shares to Tangiers as investment incentive shares. On October 15, an additional US$75,000 was funded by Tangiers to the Company, and the Company issued 75,000 unregistered common shares to Tangiers as investment incentive shares. On December 15, an additional US$100,000 was funded by Tangiers to the Company, and the Company issued 100,000 unregistered common shares to Tangiers as investment incentive shares. On January 12, 2021, an additional US$175,000 was funded by Tangiers to the Company, and the Company issued 175,000 unregistered common shares to Tangiers as investment incentive shares. The September Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche of March 29, 2021, and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.06 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.06 per share or (b) 75% of the average of the two lowest volume weighted average price of the Company's common shares during the 15 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The September Note has been fully converted and is retired from the books of the Company.

On March 12, 2021, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible three tranche note to Tangiers with a face value of US$1,050,000 (the "March Note"). Under the terms of the March Note, US$350,000 was advanced to the Company at closing, and the Company issued 300,000 unregistered common shares to Tangiers as investment incentive shares. On April 13, an additional US$325,000 was funded by Tangiers to the Company. On May 27, an additional US$325,000 was funded by Tangiers to the Company. The March Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche of (or April 12, 2021), and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.13 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.13 per share or (b) 83% of the average of the two lowest volume weighted average price of the Company's common shares during the 10 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. The March Note has been mostly converted and has US$6,000 remaining balance.

On September 15, 2021, the Company executed a non-brokered private placement pursuant to which it issued an unsecured convertible multi tranche note to Tangiers with a face value of US$2,300,000 (the "September Note"). Under the terms of the September Note, US$700,000 was advanced to the Company at closing, and the Company issued 500,000 unregistered common shares to Tangiers as investment incentive shares. On November 23, an additional US$640,000 was funded by Tangiers to the Company, and the Company issued 500,000 unregistered common shares to Tangiers as investment incentive shares. The Company has not taken and the holder has not funded the third tranche of this Note as of the date of this annual report. There is also an option for a fourth tranche in the amount of $325,000 to be funded by the noteholder upon mutual agreement by the Company and investor. The September Note carries a one-time guaranteed interest rate of 5% on the principal sum of the funded tranches, and has a maturity date of six months from the effective date of the initial tranche, and six months from the funding date of each subsequent tranche. The principal amount shall be convertible into unregistered common shares of the Company prior to the Maturity Date, at the option of the Noteholder, at a fixed conversion price of US$0.09 per share; however, if the Note is not fully repaid or fully converted on or before the Maturity Date, then the Noteholder has the option to convert the remaining outstanding amount under the Note into common shares at the variable conversion price equal to the lower of (a) US$0.09 per share or (b) 83% of the average of the two lowest volume weighted average price of the Company's common shares during the 10 consecutive trading days prior to the date on which the Noteholder elects to convert all or part of the Note, provided that any such discount to the conversion price is in compliance with applicable Canadian securities laws and the policies and rules of the CSE. None of the September Note has been converted as of the date of this annual report.

F-1 Registration Statement, Investment Agreement and Registration Rights Agreement (Equity Line of Credit) with Tangiers Global, LLC

On December 16, 2020, the Company filed a Registration Statement on Form F-1 pursuant to the December 16, 2020 Investment Agreement and Registration Rights Agreement entered into with Tangiers Global, LLC in order to establish a source of equity funding for our operations. Under the Investment Agreement, Tangiers has agreed to provide us with up to US$5,000,000 of funding during the period ending three years from the date of the effectiveness of our F-1 resale registration statement which, pursuant to the terms of the Registration Rights Agreement, we filed with the Securities and Exchange Commission on December 18, 2020, and which was declared effective by the SEC on December 31, 2020 ("F-1 Registration Statement"). From time to time during the three (3) year term of the Investment Agreement, we may, in our sole discretion, deliver a Put Notice to Tangiers. The Put Notice will specify the number of shares of common stock which we intend to sell to Tangiers on a closing date. The closing of a purchase by Tangiers of the shares specified by us in the Put Notice will occur on the date which is no earlier than five and no later than seven Trading Days following the date Tangiers receives the Put Notice. On the closing date we will sell to Tangiers the shares specified in the Put Notice, and Tangiers will pay us an amount equal to the Purchase Price multiplied by the number of shares specified in the Put Notice. The maximum amount of shares of Common Stock that the Company shall be entitled to Put to Tangiers per any applicable Put Notice shall be an amount of shares up to or equal to two hundred percent (200%) of the average of the daily trading volume of the Common Stock for the ten (10) consecutive Trading Days immediately prior to the applicable Put Notice Date (the "Put Amount") so long as such amount is at least Five Thousand Dollars (US$5,000) and does not exceed Two Hundred Fifty Thousand Dollars (US$250,000), as calculated by multiplying the Put Amount by the average daily VWAP for the ten (10) consecutive Trading Days immediately prior to the applicable Put Notice Date. During the 36-month term of the Investment Agreement, the Company shall not be entitled to submit a Put Notice until after the previous Closing has been completed. Notwithstanding the foregoing, the Company may not deliver a Put Notice on or earlier of the tenth (10th) Trading Day immediately following the preceding Put Notice Date (the "Waiting Period"), unless a written waiver to deliver Put Notice during the Waiting Period is obtained by the Company from the Investor in advance. The number of shares to be sold by Tangiers in this offering will vary from time-to-time and will depend upon the number of shares purchased from us pursuant to the terms of the Investment Agreement. However, 45,000,000 shares of common stock is the maximum number of shares which we may sell to Tangiers under the F-1 Registration Statement.

Purchase Price means 85% of the lowest VWAP of the Common Stock during the five (5) consecutive Trading Days including and immediately following the applicable to the Put Notice, provided, however, an additional 10% will be added to the discount of each Put if (i) the Company is not DWAC or DRS eligible and (ii) an additional 15% will be added to the discount of each Put if the Company is under DTC "chill" status on the applicable Put Notice Date. Principal Market means the NYSE MKT, the Nasdaq Capital Market, the OTC Bulletin Board or the OTC Markets Group, whichever is the principal market on which our common stock is traded. VWAP means a price determined by the daily volume weighted average price of our common stock on the Principal Market as reported by (i) Bloomberg Financial L.P. or (ii) Stock Charts/Quote Media for the ten consecutive Trading Days immediately prior to the date of the delivery of a Put Notice.

We are under no obligation to sell any shares under the Investment Agreement, and we may terminate the Investment Agreement upon 15 days' notice to Tangiers, among other termination provisions.

As of December 31, 2021, and as of the date of this annual report, the Company has not initiated any put notices to Tangiers and has received no proceeds under this facility.

Tangiers' obligations under the equity line are not transferable.

Platform Agreement with Lineten Technologies

On February 14, 2020, the Company entered into a Platform Agreement with Lineten Technologies Inc. Under this agreement, the Company will integrate its platform with Lineten's to enhance ParcelPal's same-day delivery rates for Lineten's customers. Specifically, Lineten's will provide the Company with its technical assistance and expertise to fulfil same-day delivery orders ParcelPal receives from Lineten's customers. To this end, Lineten granted ParcelPal a fully paid-up, worldwide, non-exclusive, royalty-free license to use its platform for the purposes of completing the deliveries requested, provided that ParcelPal shall not sub-license, assign or otherwise transfer this license to its affiliates or to any third party. Under the agreement, Lineten shall pay ParcelPal fees based upon the services provided in each month during the effectiveness of the agreement. Either party shall be able to terminate the agreement without cause and at any time, upon giving written notice to the other party. In addition, each party shall be able to terminate the agreement according to the conditions expressed therein, including in the case of any material breach of any of its terms.

On August 20, 2020, the Company announced that thru Lineten that it would be doing some delivery work via an agreement with a Western Canada based grocer.

Transportation Agreement with Amazon

On September 24, 2017, the Company entered into a Transportation Agreement with Amazon. Under the terms of the Transportation Agreement, the Company will provide transportation, delivery, and related services in Vancouver. The services will be provided under the instructions given by Amazon with respect to each delivery order. Amazon has the right to engage third parties that are not affiliated with ParcelPal to perform similar services. In addition, Amazon does not commit to any minimum volume work orders in favor of ParcelPal.

Under the terms of the agreement, Amazon shall pay ParcelPal fees based upon rated agreed upon for each order. Either party may terminate this agreement at any time, with or without cause, upon given written notice to the other party.

On February 11, 2021, the Company entered into a new Transportation Agreement with Amazon. Under the terms of the Transportation Agreement, the Company will provide transportation, delivery, and related services in Vancouver. This agreement replaces the original 2017 agreement.

Transportation Agreement with CareRx

On November 24, 2020, the Company entered into an agreement to provide delivery services with CareRx which is one of Canada's fastest growing and trusted providers of comprehensive specialty pharmacy services and solutions. They operate a rapidly growing national network of pharmacy fulfilment centres throughout Canada. ParcelPal will be providing same day and next day prescription delivery to different facilities in the Edmonton, Alberta and Calgary, Alberta areas to start, with other cities to follow.

Transportation Agreement with Oco Meals

In January 2021, the Company entered into a pilot agreement to provide delivery services to Oco Meals, one of Vancouver's fastest growing and trusted providers of meal kits. Oco Meals is a meal prep company that offers a weekly subscription service where they prepare and deliver pre-cooked meals that are made by small restaurant and catering chefs locally in Vancouver. In March 2021, the pilot turned into a full agreement.

Transportation Agreement with Sysco@Home

In March 2021, the Company entered into a pilot agreement with Sysco@Home who is the global leader in selling, marketing and distributing food products to restaurants, healthcare, educational facilities, lodging establishments and other customers who prepare meals away from home. Its family of products also includes equipment and supplies for the foodservice and hospitality industries. As part of the pilot program, we are providing delivery services to this new customer in two major cities in Canada. The pilot program concluded in April which at that point we agreed to a longer term agreement.

Transportation Agreement with Bayshore HealthCare

In April 2021, announced an agreement to provide delivery services with Bayshore Specialty Rx (specialty pharmacy, infusion and pharmaceutical patient support services). They are a subsidiary of Bayshore HealthCare which is one of Canada's leading providers of home and community healthcare services. With over 100 locations across the country, including 65 home care offices, 13 pharmacies and 90+ clinics, Bayshore has more than 13,500 staff members and provides care to over 350,000 clients.

ParcelPal will be providing same day and next day prescription delivery to different facilities in the Vancouver, British Columbia area to start, with other cities to follow.

Transportation Agreement with Farmer's Meal

In August 2021, the Company entered into an agreement to provide delivery services to Farmer's Meals, one of Vancouver's growing providers of meal kits. Farmer's Meal provides Mediterranean inspired and nutritionally balanced flavourful meals that are handmade with local, fresh and natural ingredients. The Company will be delivering meal kits to customer's homes, catered meals to offices and meal distribution to various other businesses.

Transportation Agreement with WeDoLaundry

In August 2021, the Company entered into an agreement with WeDoLaundry. They are an on-demand online laundry and dry cleaning pickup and drop-off service and currently operate in Vancouver and Toronto. You schedule the pickup according to your availability and the drivers will take your laundry to professional laundromats and dry cleaners near you for washing, drying and folding.

ParcelPal will be providing same day and next day delivery services for this client to customers in the Vancouver area to start.

Transportation Agreement with UpMeals

In November 2021, the Company entered into an agreement to provide delivery services to UpMeals, which is another provider of meal kits in British Columbia. They use technology to bring healthy and convenient food options to different organizations. Currently, they provide branded, ready to eat meals that are uniquely designed for the customer.

ParcelPal will be delivering these meal kits via our scheduled next day delivery service from their facility to their end-customers. We are currently servicing the Vancouver metro area and hope to add additional cities as this new customer scales its operations.

See also Subsequent Events set forth in Note 14 of this annual report for a description of additional agreements entered into subsequent to the reporting period of this annual report.

D. Exchange controls

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments to non-resident holders of the Company's common shares. Any remittances of dividends to United States residents are, however, subject to a 25% withholding tax pursuant to the *Income Tax Act (Canada)*. Provided a United States resident is entitled to the benefit of the reciprocal tax treaty between Canada and the United States, such rate is generally reduced to 15% (5% if the shareholder is a corporation owning at least 10% of the outstanding common shares of the Company).

Except as provided in the Investment Canada Act (the "Act"), there are no limitations under the laws of Canada, the Province of British Columbia or in the charter or any other constituent documents of the Company on the right of foreigners to hold or vote the common shares of the Company.

The following discussion summarizes the principal features of the Investment Canada Act for a non-resident who proposes to acquire the common shares.

The Investment Canada Act generally prohibits implementation of an acquisition of control of a Canadian business that exceeds the applicable financial threshold for review by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an "entity") that is not a "Canadian" as defined in the Investment Canada Act (a "non- Canadian"), unless after review, the Director of Investments appointed by the minister responsible for the Investment Canada Act is satisfied that the investment is likely to be of net benefit to Canada. The financial thresholds for review vary according to the nationality of the investor, whether the investor is a state-owned enterprise and whether the Canadian business carries on any of the prescribed list of cultural activities set out in the Investment Canada Act. A non-Canadian would acquire control of the Company for the purposes of the Investment Canada Act if the non-Canadian acquired a majority of the common shares. An acquisition resulting in the purchaser holding one third or more, but less than a majority, of the common shares would be presumed to be an acquisition of control of the Company unless it could be established that, on the acquisition, the Company was not controlled in fact by the acquirer through the ownership of the common shares. Certain transactions relating to the common shares would be exempt from the Investment Canada Act, including: (a) an acquisition of the common shares by a person in the ordinary course of that person's business as a trader or dealer in securities; (b) an acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and (c) an acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company, through the ownership of the common shares, remained unchanged.

E. *Taxation*

U.S. Taxation

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning ordinary shares. It applies only to ordinary shares that are held as capital assets for tax purposes. This section does not apply to a holder of ordinary shares that is a member of a class of holders subject to special rules, including a financial institution, a dealer or trader in securities, a regulated investment company, a real estate investment trust, a grantor trust, a U.S. expatriate, a tax-exempt organization, an insurance company, a person liable for alternative minimum tax, a person who actually or constructively owns 10% or more of the stock of the Company, a person that holds ordinary shares as part of a straddle or a hedging or conversion transaction, a person that purchases or sells ordinary shares as part of a wash sale for tax purposes, or a person whose functional currency is not the U.S. dollar. Further, this description does not address state, local, non-U.S, or other tax laws, nor does it address the 3.8% U.S. federal Medicare tax on net investment income, the alternative minimum tax or the U.S. federal gift and estate tax consequences of owning and disposing of ordinary shares.

For purposes of this description, a “U.S. holder” is a beneficial owner of ordinary shares who holds such ordinary shares as capital assets within the meaning of the Code and is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that either (a) is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership holds the ordinary shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the ordinary shares should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the ordinary shares.

Distributions

Subject to the Passive Foreign Investment Company (“PFIC”) rules discussed below, U.S. holders generally will include as dividend income the U.S. dollar value of the gross amount of any distributions of cash or property (without deduction for any withholding tax), other than certain pro rata distributions of ordinary shares, with respect to ordinary shares to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income on the day actually or constructively received by the holder. We do not intend to maintain calculations of earnings and profits, as determined for U.S. federal income tax purposes. Consequently, any distributions generally will be treated as dividend income.

Dividends paid to a non-corporate U.S. holder on shares will generally be taxable at the preferential rates applicable to long-term capital gains provided (a) that certain holding period requirements are satisfied, (b) (i) the U.S.-Canada income tax treaty (“the Treaty”) is a qualified treaty and we are eligible for benefits under the Treaty or (ii) our ordinary shares are readily tradable on a U.S. securities market, and (c) provided that we were not, in the taxable year prior to the year in which the dividend was paid, and are not, in the taxable year in which the dividend is paid, a PFIC. The Treaty has been approved for the purposes of the qualified dividend rules. If the Company is a PFIC, any dividends paid to a noncorporate U.S. holder will not qualify for the preferential tax rates ordinarily applicable to “qualified dividends.” In the case of a corporate U.S. holder, dividends on shares are taxed as ordinary income and will not be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

The amount of any cash distribution paid in any foreign currency will be equal to the U.S. dollar value of such currency, calculated by reference to the spot rate in effect on the date such distribution is received by the U.S. holder, regardless of whether and when the foreign currency is in fact converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date received, the U.S. holder generally should not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into U.S. dollars on the date received, the U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the date received, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of such currency. Such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes.

Dividends will be income from sources outside the United States, and generally will be “passive category” income or, for certain taxpayers, “general category” income, which are treated separately from each other for the purpose of computing the foreign tax credit allowable to a U.S. holder. The availability of the foreign tax credit and the application of the limitations on its availability are fact specific and are subject to complex rules. In general, a taxpayer’s ability to use foreign tax credits may be limited and is dependent on the particular circumstances. U.S. holders should consult their own tax advisors with respect to these matters.

Sale, Exchange or other Disposition of Ordinary Shares

Subject to the PFIC rules discussed below, a U.S. holder who sells or otherwise disposes of ordinary shares will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the holder's tax basis, determined in U.S. dollars, in those ordinary shares. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the holder has a holding period greater than 12 months in the shares sold. There are limitations on the deductibility of capital losses.

The U.S. dollar value of any foreign currency received upon a sale or other disposition of ordinary shares will be calculated by reference to the spot rate in effect on the date of sale or other disposal (or, in the case of a cash basis or electing accrual basis taxpayer, at the spot rate of exchange on the settlement date). A U.S. holder will have a tax basis in the foreign currency received equal to that U.S. dollar amount, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of the foreign currency. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. If such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, a cash basis or electing accrual basis U.S. holder should not recognize any gain or loss on such conversion.

Passive Foreign Investment Company

A non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- 75% or more of its gross income for such year is "passive income" which for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions and gains from assets that produce passive income; or
- 50% or more of the value of its gross assets (based on an average of the quarterly values of the gross assets) during such year is attributable to assets that produce passive income or are held for the production of passive income.

Passive income does not include rents and royalties derived from the active conduct of a trade or business. If the stock of a non-U.S. corporation is publicly traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income for purposes of the PFIC income and asset tests. If the stock of a non-U.S. corporation is publicly-traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets. If we were a PFIC in any year during a U.S. holder's holding period for our ordinary shares, we would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. holder owned the ordinary shares. Based on the composition of our assets and income, we believe that we should not be treated as a PFIC for U.S. federal income tax purposes with respect to our 2019 taxable year and we do not intend or anticipate becoming a PFIC for any future taxable year. However, the determination of PFIC status is a factual determination that must be made annually at the close of each taxable year and therefore, there can be no certainty as to our status in this regard until the close of the current or any future taxable year. Changes in the nature of our income or assets or a decrease in the trading price of our ordinary shares may cause us to be considered a PFIC in the current or any subsequent year. Therefore, there can be no assurance that we or any of our subsidiaries will not be classified as a PFIC until the close of the current taxable year or for any future taxable year.

U.S. Information Reporting and Back-up Withholding

Dividend payments with respect to our ordinary shares and proceeds from the sale or other disposition of our ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Back-up withholding will not apply, however, to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from back-up withholding. U.S. holders who are required to establish their exempt status may be required to provide such certification on Internal Revenue Service ("IRS") Form W-9. U.S. holders should consult their tax advisors regarding the application of the U.S. information reporting and back-up withholding rules.

Back-up withholding is not an additional tax. Amounts withheld as back-up withholding may be credited against a U.S. holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the back-up withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Information With Respect to Foreign Financial Assets

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their U.S. federal tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. If a U.S. holder does not include in such holder's gross income an amount relating to one or more specified foreign financial assets, and the amount such U.S. holder omits is more than $5,000, any tax such U.S. holder owes for the tax year can be assessed at any time within 6 years after the filing of such U.S. holder's federal tax return. U.S. holders who fail to report the required information could be subject to substantial penalties. U.S. holders are encouraged to consult with their own tax advisors regarding the possible application of the foregoing or other United States informational reporting requirements to our ordinary shares in light of their particular circumstances.

British Columbia Tax Considerations

Certain Canadian Federal Income Tax Information for United States Residents

The following summarizes the principal Canadian federal income tax considerations generally applicable to the holding and disposition of common shares of the Company by a holder (a) who, for the purposes of the Income Tax Act (Canada) the (“Tax Act”) and at all relevant times, is not resident in Canada or deemed to be resident in Canada, deals at arm’s length and is not affiliated with the Company, holds the common shares as capital property and does not use or hold the common shares in the course of carrying on, or otherwise in connection with, a business in Canada, and (b) who, for the purposes of the Canada-United States Income Tax Convention (the “Treaty”) and at all relevant times, is a resident of the United States, has never been a resident of Canada, has not held or used (and does not hold or use) common shares in connection with a permanent establishment or fixed base in Canada, and who qualifies for the full benefits of the Treaty. The Canada Revenue Agency has introduced special forms to be used in order to substantiate eligibility for Treaty benefits, and affected holders should consult with their own advisers with respect to these forms and all relevant compliance matters.

Holders who meet all such criteria in clauses (a) and (b) above are referred to herein as a “U.S. Holder” or “U.S. Holders”, and this summary only addresses such U.S. Holders. The summary does not deal with special situations, such as particular circumstances of traders or dealers, limited liability companies, tax-exempt entities, insurers, financial institutions (including those to which the mark-to-market provisions of the Tax Act apply), entities considered fiscally transparent under applicable law, or otherwise.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all proposed amendments to the Tax Act and regulations publicly announced by the Minister of Finance (Canada) to the date hereof, the current provisions of the Treaty and our understanding of the current administrative practices of the Canada Revenue Agency. It has been assumed that all currently proposed amendments to the Tax Act and regulations will be enacted as proposed and that there will be no other relevant change in any governing law, the Treaty or administrative policy, although no assurance can be given in these respects. This summary does not take into account provincial, U.S. or other foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian income tax consequences. It is not intended as legal or tax advice to any particular U.S. Holder and should not be so construed. The tax consequences to a U.S. Holder will depend on that U.S. Holder’s particular circumstances. Accordingly, all U.S. Holders or prospective U.S. Holders should consult their own tax advisers with respect to the tax consequences applicable to them having regard to their own particular circumstances. The discussion below is qualified accordingly.

Dividend

Dividends paid or deemed to be paid or credited by the Company to a U.S. Holder are subject to Canadian withholding tax under Part XIII of the Tax Act. The default rate of withholding tax is 25% of the gross dividend paid to a non-resident of Canada.

Under the Treaty, the rate of withholding tax on dividends paid to a U.S. Holder is generally limited to 15% of the gross dividend. In the case of a U.S. Holder that is a corporation owning at least 10% of the Company’s voting shares, the applicable withholding rate is 5% of the gross dividend, provided the U.S. Holder can establish entitlement to the benefits of the Treaty.

The Company is required to withhold Part XIII tax from each dividend, and remit the withheld amount directly to the Receiver General of Canada for the account of the shareholder. U.S. Holders entitled to reduced withholding under the Treaty must provide the Company with certain information to ensure the correct amount of tax is withheld. The Company will provide U.S. Holders with a summary of withholdings annually. U.S. Holders are not required to file a separate income tax return to report dividends received from the Company in a given year.

Disposition

A U.S. Holder is generally not subject to tax under the Tax Act in respect of a capital gain realized on the disposition of a common share in the open market, unless the share is “taxable Canadian property” to the holder thereof and the U.S. Holder is not entitled to relief under the Treaty.

Provided that the Company's common shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX Venture) at the time of disposition, a common share will generally not constitute taxable Canadian property to a U.S. Holder unless, at any time during the 60 month period ending at the time of disposition, (i) the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length for purposes of the Tax Act, partnerships in which the U.S. Holder or such persons holds a membership interest directly or indirectly, (or the U.S. Holder together with any such foregoing persons) or partnerships, owned 25% or more of the issued shares of any class or series of the Company AND (ii) more than 50% of the fair market value of the share was derived directly or indirectly from certain types of assets, including real or immoveable property situated in Canada, Canadian resource properties or timber resource properties, and options, interests or rights in respect of any of the foregoing.

Even a common share is taxable Canadian Property to a U.S. Holder, a capital gain resulting of the disposition of that share will not be included in computing the U.S. Holder's taxable income for the purposes of the Tax Act, provided that the share constitutes "treaty-protected property" of such U.S. Holder. Common shares owned by a U.S. Holder will generally be treaty-protected property if the gain from the disposition of such share would, because of the Treaty, be exempt from tax under the Tax Act.

U.S. Holders holding Common shares as taxable Canadian property should consult with the U.S. Holder's own tax advisers in advance of any disposition or deemed disposition thereof under the Tax Act in order to determine whether any relief from tax under the Tax Act may be available by virtue of the Treaty, and any related compliance procedures.

If a U.S. Holder realizes a capital gain or capital loss from the disposition of a common shares that constitutes taxable Canadian property and is not treaty-protected property for the purposes of the Tax Act, the capital gain or capital loss is the amount, if any, by which the U.S. Holder's proceeds of disposition exceed (or are exceeded by, respectively) the aggregate of the U.S. Holder's adjusted cost base of the share and reasonable expenses of disposition as determined under the Tax Act. The capital gain or loss must be computed in Canadian currency using a weighted average cost base for identical properties. Generally, one-half of a capital gain ("taxable capital gain") is included in income form Canadian tax purposes in the year of disposition and one-half of a capital loss ("allowable capital loss") must be deducted from taxable capital gains realized by the U.S. Holder in that year. Allowable capital losses in excess of taxable capital gains for that year may generally be carried back up to three years, or forward indefinitely, and deducted against net taxable capital gains in those years, in the manner permitted under the Tax Act. Reporting and filing requirements will also arise. Such U.S. Holders should consult their own tax advisors.

F. Dividends and paying agents

Not applicable

G. Statement by experts

The audited financial statements of ParcelPal as of and for the year ended December 31, 2021 appearing in this annual report have been audited by BF Borgers CPA PC, independent registered public accounting firm, located at 5400 W Cedar Ave, Lakewood, CO 80226, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of the firm as experts in accounting and auditing.

The audited financial statements of ParcelPal as of and for the year ended December 31, 2020 and 2019 appearing in this annual report have been audited by Dale Matheson Carr-Hilton Labonte LLP, independent registered public accounting firm, located at 1500 - 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of the firm as experts in accounting and auditing.

H. Documents on Display

The Company files information with the SEC via EDGAR. The SEC maintains an Internet site that contains annual reports, information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

Documents concerning the Company which are referred to in this Form 20-F may be inspected at the offices of Lions Corporate Secretarial Services Limited., Suite 620, 1111 Melville Street, Vancouver, BC V6E 3V6. In addition, the Company also files its annual reports and other information with the Canadian Securities Administrators via SEDAR (www.sedar.com).

As a foreign private issuer, we will be exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish or make available to our shareholders annual reports containing our combined financial statements prepared in accordance with IFRS and make available to our shareholders quarterly reports containing our unaudited interim financial information for the first three fiscal quarters of each fiscal year.

I. Subsidiary Information

Not applicable

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable includes $264,296 due from one major customer. The customer is of low credit risk and none of the balance is past due. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk. We do not have any interest rate sensitive instruments in our portfolio that create a material exposure to changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Foreign exchange risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company maintains a US Dollar bank account in Canada to support the cash needs of its operations. Management believes that the foreign exchange risk related to currency conversion is minimal and therefore does not hedge its foreign exchange risk.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable; however the description in this annual report of those certain convertible securities is incorporated by reference herein.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

This item is not applicable.

Item 14. Material Modifications to the Rights of Security Holders and the Use of Proceeds

This item is not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2021, as required by Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our management has concluded that, as of December 31, 2021, our disclosure controls and procedures were not effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). Based on that evaluation, our management has concluded that, as of December 31, 2021, the Company had material weaknesses in its internal control over financial reporting and was deemed to be not effective. Specifically, management identified the following material weaknesses as at December 31, 2021:

- the Company has insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, a material misstatement of the interim and annual financial statements could occur and not be prevented or detected on a timely basis.

- the Company did not perform an entity level risk assessment to evaluate the implication of relevant risks on financial reporting, including the impact of potential fraud-related risks and the risks related to non-routine transactions, if any, on our internal control over financial reporting. Lack of an entity-level risk assessment constituted an internal control design deficiency which resulted in more than a remote likelihood that a material error would not have been prevented or detected, and constituted a material weakness.

- the Company has not achieved the optimal level of segregation of duties relative to key financial reporting functions.

To remediate our internal control weaknesses, management would need to implement the following measures:

- the Company would need to add sufficient number of independent directors to the board and appoint an audit committee.

- the Company would need to add sufficient knowledgeable accounting personnel to properly segregate duties and to affect a timely, accurate preparation of the financial statements.

- upon the hiring of additional accounting personnel, the Company would need to develop and maintain adequate written accounting policies and procedures.

This Annual Report does not include an attestation report of the Company's registered public accounting firm as we are a smaller reporting company.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control Over Financial Reporting

Except as set forth above, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) for the fiscal year ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

We have no audit committee financial expert. As we are not listed on a national stock exchange, we are not required to constitute an audit committee.

Item 16B. Code of Ethics

Currently, we have no code of ethics. As we have limited resources available, we have not yet focused on drafting a code of ethics. We will do so as soon as possible.

Item 16C. Principal Accounting Fees and Services

We retained Dale Matheson Carr-Hilton Labonte LLP as our independent registered public accounting firm. Set forth below is a summary of the fees paid to Dale Matheson Carr-Hilton Labonte LLP for services provided in fiscal years 2020 and 2019.

Dale Matheson Carr-Hilton Labonte LLP

	Fiscal 2020 C$	Fiscal 2019 C$
Audit Fees	**$ 40,000**	**$ 34,000**
Audit Related Fees	$ 5,000	$ 30,000
Tax Fees	$ 900	$ 900
Total remuneration	$ 45,900	$ 64,900

On October 14, 2021, we retained BF Borgers CPA PC as our independent registered public accounting firm going forward. Audit fees for fiscal 2021 are estimated at $40,000 US$ (approximately $50,708 C$).

BF Borgers CPA PC

	Estimated Fiscal 2021 C$	Fiscal 2020 C$
Audit Fees	**$ 50,708**	**$ -**
Audit Related Fees	$ -	$ -
Tax Fees	$ 1,000	$ -
Total remuneration	$ 51,708	$ -

Pre-Approval Policies and Procedures

We have not adopted yet a pre-approval of audit and non-audit services policy and procedure because we do not have yet an audit committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

This item is not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

This item is not applicable.

Item 16F. Changes in registrant's Certifying Accountant

As previously disclosed by the Company, effective October 2021, we had announced a change of our auditor from Dale Matheson Carr-Hilton LaBonte LLP ("DMCL") to BF Borgers CPA, PC ("BF Borgers") as its independent registered public accounting firm. The Board of Directors of the Company approved the appointment of BF Borgers as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2021.

In connection with the change of auditor, the Company provides that: (a) there were no disagreements between the Company and the former auditors on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of the former accountant, would have caused it to make reference to the subject matter of the disagreement in connection with its report; (b) no reportable events (as the term is defined in National Instruments 51-102 – Continuous Disclosure Obligations) between the Company and DMCL, and (c) there were no reservations in DMCL's audit reports for any financial period during which DMCL was the Company's auditor, except as it relates to its going concern opinion related matters.

Item 16G. Corporate Governance

This item is not applicable.

Item 16H. Mine Safety Disclosure

This item is not applicable.

PART III

Item 17. Financial Statements

Refer to “Item 18 – Financial Statements” below

Item 18. Financial Statements

The financial statements filed as part of this annual report commencing on page F-1.

Item 19. Exhibits

See exhibits index.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of ParcelPal Logistics Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of ParcelPal Logistics Inc. (the “Company”) as of December 31, 2021, the related statement of operations, stockholders’ equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Substantial Doubt about the Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company’s significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s BF Borgers CPA PC
BF Borgers CPA PC

We have served as the Company’s auditor since 2021
Lakewood, CO
May 2, 2022

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of ParcelPal Technology Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial position of ParcelPal Technology Inc. (the "Company") as of December 31, 2020, the related statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2020, and 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance and its cash flows for the years ended December 31, 2020, and 2019 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses and negative operating cash flows since its inception. The Company will require further financing to meet its financial obligations and sustain its operations in the normal course of the business. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2014. In 2021 we became the predecessor auditor.

Vancouver, Canada

April 30, 2021

PARCELPAL LOGISTICS INC.
(Formerly, ParcelPal Technology Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2021 and 2020

ParcelPal Logistics Inc.
(Formerly ParcelPal Technology Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash		551,961	255,668
Accounts receivable	4	202,050	363,653
Prepaid expenses		149,834	34,344
Loan receivable	5	-	1,874
		903,845	655,539
Customer contract		3,933,128	-
Vehicles and Right-of-use assets	6	652,353	343,699
Total assets		5,489,326	999,238
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	833,262	1,053,012
Purchase obligation		660,972	-
Convertible Note	12	2,429,227	766,070
Derivative liability	12	206,726	794,631
Sales tax payable		521,616	300,903
Short-term loan payable		66,588	28,051
Lease obligations - current	11	158,409	92,736
		4,876,800	3,035,403
Lease obligations	11	404,921	120,167
Total liabilities		5,281,721	3,155,570
SHAREHOLDERS' (DEFICIT) EQUITY			
Share capital	7	17,622,777	11,408,737
Contributed surplus		3,620,300	3,363,593
Accumulated other comprehensive income		(4,202)	-
Deficit		(21,031,270)	(16,928,662)
Total shareholders' (deficit) equity		207,605	(2,156,332)
Total liabilities and shareholders' equity		5,489,326	999,238

Nature of operations and going concern (Note 1)
Commitments (Note 11)
Subsequent events (Note 15)

Approved by the Board of Directors

"Rich Wheeless" Director   "Brian Storseth" Director

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

ParcelPal Logistics Inc.
(Formerly ParcelPal Technology Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31,
(Expressed in Canadian Dollars)

	Notes	2021 $	2020 $	2019 $
SALES	4	7,521,952	6,317,329	4,782,865
COST OF SALES	13	(6,253,436)	(5,947,895)	(4,336,556)
GROSS PROFIT		1,268,516	369,434	446,309
EXPENSES				
Amortization		-	-	19,100
Bad debt expense	4	59,307	-	-
Consulting fees	8	117,054	656,405	860,248
Foreign exchange		31,454	(61,236)	12,243
Marketing and promotion		78,804	29,146	1,586,284
Management and director fees	8	1,808,250	305,158	190,800
Office and miscellaneous		964,282	1,155,805	994,124
Professional fees		389,817	655,378	124,550
Regulatory and filing fees		106,758	78,945	48,924
Salaries		546,852	533,193	358,074
Share-based compensation	7	263,672	473,103	776,962
Travel and accommodation		119,692	31,692	62,459
		(4,485,942)	(3,857,589)	(5,033,768)
Loss before other items		(3,217,426)	(3,488,155)	(4,587,459)
Other items:				
Debt Settlement		-	191,773	857
Derivative liability		144,952	866,238	-
Interest expense	11, 12	754,827	323,931	29,958
Interest income		-	-	(7,762)
Write-off of asset		(14,597)	3,985	-
		(885,182)	(1,385,927)	(23,053)
Net loss for the year		**(4,102,608)**	**(4,874,082)**	**(4,610,512)**
Foreign currency translation adjustment		(4,202)	-	-
Comprehensive loss for the year		**(4,106,810)**	**(4,874,082)**	**(4,610,512)**
Basic and diluted loss per share		(0.03)	(0.05)	(0.06)
Weighted average number of shares outstanding – basic and diluted		152,119,211	91,147,886	80,778,869

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

ParcelPal Logistics Inc.
(Formerly ParcelPal Technology Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of shares	Amount $	Contributed Surplus $	Subscriptions receivable $	Subscriptions received in advance $	Deficit $	AOCI $	Total $
Balance, December 31, 2018	**76,434,953**	**7,693,401**	**2,462,746**	**(345,140)**	**-**	**(7,444,068)**	**-**	**2,366,939**
Shares issued pursuant to:								
Private placements	4,071,353	344,031	2,034	-	-	-	-	346,065
Warrant exercises	2,958,600	355,287	(15,417)	-	-	-	-	339,870
Option exercises	1,275,000	461,957	(205,708)	-	-	-	-	256,249
Debt settlement	614,447	168,857	-	-	-	-	-	168,857
In lieu of consulting fees	1,590,000	364,600	-	-	-	-	-	364,600
Issue costs	-	(20,442)	-	-	-	-	-	(20,442)
Subscriptions received	-	-	-	345,140	100,240	-	-	445,380
Share-based compensation	-	-	776,962	-	-	-	-	776,962
Net and comprehensive loss for the year	-	-	-	-	-	(4,610,512)	-	(4,610,512)
Balance, December 31, 2019	**86,944,353**	**9,367,691**	**3,020,617**	**-**	**100,240**	**(12,054,580)**	**-**	**433,968**
Option exercises	2,000,000	310,127	(130,127)	-	(90,000)	-	-	90,000
Warrant exercises	200,000	30,000	-	-	-	-	-	30,000
Convertible note	6,154,897	756,919	-	-	-	-	-	756,919
Debt settlement	2,786,667	434,000	-	-	-	-	-	434,000
In lieu of consulting fees	4,868,056	510,000	-	-	-	-	-	510,000
Write-off subscriptions receivable	-	-	-	-	(10,240)	-	-	(10,240)
Share based compensation	-	-	473,103	-	-	-	-	473,103
Net and comprehensive loss for the year	-	-	-	-	-	(4,874,082)	-	(4,874,082)
Balance, December 31, 2020	**102,953,973**	**11,408,737**	**3,363,593**	**-**	**-**	**(16,928,662)**	**-**	**(2,156,332)**

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

ParcelPal Logistics Inc.
(Formerly ParcelPal Technology Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of shares	Amount $	Contributed Surplus $	Subscriptions receivable $	Subscriptions received in advance $	Deficit $	AOCI $	Total $
Balance, December 31, 2020	**102,953,973**	**11,408,737**	**3,363,593**	**-**	**-**	**(16,928,662)**	**-**	**(2,156,332)**
Shares issued pursuant to:								
Convertible note	24,516,649	2,966,838	-	-	-	-	-	2,966,838
In lieu of consulting fees	13,833,333	1,521,667	-	-	-	-	-	1,521,667
Acquisition of Web-to-door	13,777,778	1,611,020	-	-	-	-	-	1,611,020
Warrant exercises	657,000	98,550	-	-	-	-	-	98,550
Option exercises	100,000	15,965	(6,965)	-	-	-	-	9,000
Share-based compensation	-	-	263,672	-	-	-	-	263,672
Net and comprehensive loss for the year	-	-	-	-	-	(4,102,608)	(4,202)	(4,106,810)
Balance, December 31, 2021	**155,838,733**	**17,622,777**	**3,620,300**	**-**	**-**	**(21,031,270)**	**(4,202)**	**207,605**

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

ParcelPal Logistics Inc.
(Formerly ParcelPal Technology Inc.)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021, 2020 and 2019
(Expressed in Canadian Dollars)

	2021 $	2020 $	2019 $
Operating activities			
Loss for the year	(4,102,608)	(4,874,082)	(4,610,512)
Add non-cash items:			
Amortization	346,532	388,859	368,768
Share-based compensation	263,672	473,103	776,962
Accrued interest	753,555	323,931	(7,700)
Loss on debt settlement	-	191,773	857
Shares issued in lieu of consulting fees	1,521,667	510,000	364,600
Unrealized foreign exchange gain	27,761	(63,704)	-
Impairment of asset	1,874	3,985	-
Fair value of derivative	144,952	866,238	-
Changes in non-cash working capital items			
Sales tax payable	222,524	198,306	(18,736)
Prepaid expenses	(141,432)	(31,325)	2,373
Accounts receivable	161,603	381,349	(139,660)
Accounts payable and accrued liabilities	(276,888)	704,438	572,999
Net cash flows used in operating activities	(1,076,788)	(927,129)	(2,690,049)
Investing activity			
Acquisition of Trucking	(1,697,813)	-	-
Advances of loans receivable	-	-	(21,000)
Cash acquired on business combination	149,386	-	-
Sale of vehicles	42,798	-	-
Purchase of vehicles	(61,836)	(112,034)	-
Repayment of loans receivable	-	-	89,374
Net cash flows provided by investing activity	(1,567,465)	(112,034)	68,374
Financing activities			
Proceeds from private placements	-	-	273,190
Share issue costs	-	-	(20,442)
Loan repayments	(27,769)	(26,416)	-
Convertible note	3,115,822	1,192,699	-
Exercise of options	9,000	90,000	256,249
Exercise of warrants	98,550	30,000	339,870
Lease payments	(287,532)	(345,695)	(306,562)
Subscriptions receivable	-	-	194,737
Subscriptions received	-	58,650	100,240
Net cash flows provided by financing activities	2,908,071	999,238	837,282
Foreign exchange on cash	32,475	-	-
Change in cash during the	296,293	(39,925)	(1,784,393)
Cash – beginning of the year	255,668	295,593	2,079,986
Cash – end of the year	551,961	255,668	295,593
Supplemental cash flow information:			
Income taxes paid	-	-	-
Interest paid	25,598	28,671	29,958

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

1. NATURE OF OPERATIONS AND GOING CONCERN

ParcelPal Logistics Inc. (*formerly ParcelPal Technology Inc.*) ("the Company" or "ParcelPal") is a Vancouver, British Columbia based company that specializes in last-mile delivery service and logistics solutions, providing businesses with a smart, reliable and affordable delivery service powered by the Company's licensed technology platform. The Company operates in major Canadian cities including Vancouver, Calgary, and Toronto, and now in the western region of the United States. The Company was incorporated in Alberta on March 10, 1997. On June 22, 2006, the Company moved its incorporation jurisdiction to British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "PKG", on the OTCQB (over-the-counter) Market in the United States under the symbol PTNYF and on the Frankfurt Stock Exchange under the symbol "PTO".

On September 15, 2021, the Company purchased 95% of the outstanding shares of Web to Door Trucking Corp. ("Trucking"), a United States delivery service company incorporated in Nevada. The acquisition of Trucking is being accounted for as a business combination under IFRS 3 as operations of Trucking meet the definition of a business (the "Trucking Acquisition") (Note 3).

These consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from the carrying values as shown, and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The Company has incurred losses and negative operating cash flows since its inception. The Company will require further financing to meet its financial obligations and sustain its operations in the normal course of the business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to meet its long-term business strategy depends on its ability to obtain additional equity financing and to generate operational cash flow from delivery services revenue.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities.

2. BASIS OF PRESENTATION

Statement of Compliance
These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). These financial statements were approved by the Board of Directors and authorized for issue on May 2, 2022.

Basis of measurement
These consolidated financial statements have been prepared on a historical cost basis, except for items measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

Financial Instruments

Recognition and Classification

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

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

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

The following table shows the classification of its financial assets and liabilities under IFRS 9:

	Classification IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized Cost
Convertible note	Amortized Cost
Derivative liability	FVTPL
Short term loan	Amortized Cost

Measurement

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

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

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

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

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

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

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

Convertible Debentures
Convertible debentures are compound financial instruments whose components may be allocated between a financial liability component and an equity instrument component. The identification of such components embedded within a convertible debenture requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option is fixed, the financial liability, represents the discounted obligation to repay the cash component and is initially measured at fair value and subsequently measured at amortized cost. The residual amount is recognized in equity. Where the conversion option is variable, the derivative liability is measured first and carried at fair value and the residual balance represents the financial liability measured at amortized cost. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right- of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or remove the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term lease of assets that have a lease term of 12 months or less and leases of low-value assets, such as IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Revenue from Contracts with Customers
The Company's revenue is generated from a work contract established with one major customer and from other individual customers on demand. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs to sell can be reliably measured. Revenues is recognized when services are rendered or delivery of goods is completed.

Performance Obligations
Based on the criteria outlined in IFRS 15, the Company's primary performance obligation relating to its sales contracts with customers is the delivery of the product or products by an agreed upon time.

Transaction Price
Based on the criteria outlined in IFRS 15, the Company determined that the transaction price is based upon scheduled and on demand or same day rates. As the Company has one primary performance obligation, that is making the required deliveries on time, the entire transaction price is allocated to the completion of deliveries.

Once the Company's performance obligation of completing the required deliveries on time, the Company's obligation is met and the Company recognizes revenue.

Foreign currency translation

The functional currency of the Company is determined using the currency of the primary economic environment in which the Company operates. The functional and presentation currency, as determined by management, of the Company is the Canadian dollar and the functional currency of Trucking is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non- monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statements of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in comprehensive loss, the exchange component is also recognized in comprehensive loss.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using average rate. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive loss.

Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the net loss for the year and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees and warrants outstanding. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the year. Because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Equipment
Leased vehicles are recorded at cost and amortized over the estimated term of the lease or the expected life of the asset if the Company has included payments to acquire the asset at the end of the lease. Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Purchased vehicles are recorded at cost and amortized over the estimated useful life of 2 years for previously used vehicles.

Intangibles
The Company records internally-generated intangible assets at cost less accumulated amortization and accumulated impairment losses.

Intangible assets in use are amortized on a straight-line basis over their estimated useful life of 3 years. Intangible assets under development and not ready for use are not amortized.

Research and development
Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technological feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally- generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the year ended December 31, 2021.

Share-based payments
The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

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

Impairment of assets
The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of the depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using the higher of the fair value less costs to sell or value in use. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its 95% owned subsidiary Web-to-door Trucking (2020 – Nil). Web-to-door Trucking is incorporated in and based out of Nevada, USA.

Business combination
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, Financial Instruments: Recognition and Measurement or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, estimating allowances for doubtful accounts receivable, the recoverability of loans receivable, estimating useful lives of equipment, the recoverability and measurement of deferred tax assets, and estimating the fair value for share-based payment transactions.

The acquisition of Web-to-Door Trucking was accounted for as a business combination at fair value in accordance with IFRS 3, *Business Combinations.* The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a preliminary purchase price allocation. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The Company uses valuation techniques which are generally based on forecasted future net cash flows discounted to present value, and also relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets.

(Expressed in Canadian Dollars)

3. TRUCKING ACQUISITION

On September 15, 2021, the Company acquired 95% of the issued and outstanding shares of Trucking for a purchase price of USD $3,100,000, consisting of 60% cash and 40% payable in restricted shares of ParcelPal's common stock. The cash portion of the purchase price will be paid in three tranches, beginning on the closing date of the transaction. The 5% minority shareholding is not eligible for any share of the Company's profits or net loss, there is no allocation of value to non-controlling interest.

Concurrently with the acquisition, the Company completed a non-brokered private placement (the "Offering"), pursuant to which it issued an unsecured multi-tranche convertible note with a face value of up to US$2,300,000 (the "Consideration") to an arm's length investor (the "Note"). Each of the first three funded tranches will carry a 5% Original Issue Discount (or "OID") (Note 11).

Each tranche to be funded as follows:

- USD $700,000 on closing (paid)
- USD $640,000 will be advanced 45 days from the closing date
- USD $520,000 will be advanced 90 days from the closing date
- USD $325,000 will be advanced upon mutual agreement by the Company and noteholder at 120 days from the closing date, together with the prorated 5% OID

The transaction was accounted for as a business combination, as the operations of Trucking meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed.

The fair value of the consideration transferred has been determined on a preliminary basis. The consideration has been allocated to the assets acquired and liabilities assumed on a preliminary basis based on their estimated fair values at the date of acquisition. The Company has allocated goodwill to customer contracts on a preliminary basis but will require additional information to allocate the fair values to the net assets acquired. The determination of the fair value of the net assets acquired will be revised by the Company as additional information is received. The Company has estimated the allocation of the purchase price as follows:

Purchase price consideration	**US $**
Consideration – cash	1,860,000
Consideration – shares	1,240,000
Fair value of consideration	**3,100,000**
Cash	117,321
Prepaid expenses	20,440
Loans payable	(52,042)
Accounts payable and accrued liabilities	(59,657)
Customer contract	3,073,938
Total net assets acquired and liabilities assumed	**3,100,000**

Upon completing the acquisition of Trucking on September 15, 2021, the operating results for Trucking have been recognized in the consolidated statements of loss and comprehensive loss. During the period ended December 31, 2021, the Company recorded revenues of $1,394,558 and net loss of $89,479 related to Trucking.

(Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

	December 31, 2021 $	December 31, 2020 $
Accounts receivable	**202,050**	**363,653**

As at December 31, 2021, 60% (December 31, 2020 – 95%) of the Company's accounts receivable are current, and the Company recorded $59,307 (2020 - $nil) of bad debt expense related to certain customer accounts.

One customer accounted for 55% of accounts receivable at December 31, 2021 (2020 – 73% of accounts receivable) and 97% (2020 – 95%) of total revenues during the year ended December 31, 2021.

5. LOAN RECEIVABLE

On July 29, 2018, the Company entered into a loan agreement with a company related to a director, whereby the Company advanced $60,000 to the vendor. On March 20, 2019, the Company advanced an additional $21,000 to the vendor. The loan is unsecured, bears interest at 10% per annum and is due on demand. During the year ended December 31, 2019, $89,374 of the loan was repaid and during the year ended December 31, 2021, the Company wrote-off the remaining $1,874 as uncollectible.

(Expressed in Canadian Dollars)

6. RIGHT-OF-USE ASSETS

Right-of-use assets consists of leased vehicles and a leased warehouse carried at cost less accumulated depreciation. The Company's vehicles as at December 31, 2021 and December 31, 2020 are as follows:

	Vehicles $	ROU Assets $	Total $
Cost			
Balance, December 31, 2019	-	**894,046**	**894,046**
Additions	166,501	358,423	524,924
Disposal	-	(881,676)	(881,676)
Balance, December 31, 2020	**166,501**	**370,793**	**537,294**
Additions	58,352	619,678	678,030
Disposal	(26,108)	(150,772)	(176,880)
Balance, December 31, 2021	**198,745**	**839,699**	**1,038,444**
Accumulated amortization			
Balance, December 31, 2019	-	683,789	683,789
Amortization	16,559	372,300	388,859
Disposal	-	(879,053)	(879,053)
Balance, December 31, 2020	**16,559**	**177,036**	**193,595**
Amortization	79,922	266,610	346,532
Disposal	(3,264)	(150,772)	(154,036)
Balance, December 31, 2021	**93,217**	**292,874**	**386,091**
Net Book Value			
Balance, December 31, 2020	**149,942**	**193,757**	**343,699**
Balance, December 31, 2021	**105,528**	**546,825**	**652,353**

During the year ended December 31, 2021, the Company included $346,532 (2020 - $388,859) of amortization in cost of sales.

On October 1, 2020, the Company purchased vehicles for $132,466 to increase its delivery capacity. The Company paid $77,999 in cash and financed the remaining $54,467 via short term loans. The loans were non-interest bearing and repaid during the year ended December 31, 2021.

On December 31, 2020, upon expiration of certain vehicle leases the Company purchased the previously leased vehicles for $34,035.

During the year ended December 31, 2021, the Company disposed of two vehicles and received $15,314 and recorded a write-off of asset of $7,530.

7. SHARE CAPITAL

Common Shares

Authorized:
The authorized capital of the Company consists of an unlimited number of common shares without par value.

Issued:

During the year ended December 31, 2021:

a) On January 7, 2021, the Company issued 1,975,822 common shares pursuant to the settlement of US$118,549 convertible debt, the shares were fair valued at $316,133.
b) On January 13, 2021, the Company issued 2,756,250 common shares pursuant to the settlement of US$220,500 convertible debt, the shares were fair valued at $468,563.
c) On January 15, 2021, Company issued 175,000 incentive shares pursuant to the issuance of a convertible note of US$175,000.
d) On February 2, 2021, the Company issued 2,756,250 common shares pursuant to the settlement of US$165,375 convertible debt, the shares were fair valued at $385,875.
e) On February 17, 2021, the Company issued 1,378,125 common shares pursuant to the settlement of US$82,688 convertible debt, the shares were fair valued at $323,859.
f) On March 15, 2021, the Company issued 300,000 incentive shares pursuant to the issuance of a convertible note of US$367,500.
g) On May 20, 2021, the Company issued 5,053,125 common shares pursuant to the settlement of US$303,188 convertible debt, the shares were fair valued at $682,172.
h) On June 2, 2021, the Company issued 833,333 common shares in lieu of fees to a consultant of the Company. The share were fair valued at $91,667.
i) On September 15, 2021, the Company issued 13,777,778 common shares as part of the Trucking Acquisition, the shares were fair valued at $1,611,020. The Company also issued 500,000 incentive shares pursuant to the issuance of a convertible note.
j) On September 22, 2021, the Company issued 2,670,925 common shares pursuant to the settlement of US $184,000 convertible debt, the shares were fair valued at $280,447.
k) On September 30, 2021, the Company issued 13,000,000 common shares in lieu of fees to directors and officers of the Company, the shares were fair valued at $1,430,000.
l) On November 15, 2021, the Company issued 1,922,707 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $182,657.
m) On December 7, 2021, the Company issued 2,528,448 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $189,634.
n) On December 29, 2021, the Company issued 2,500,000 common shares pursuant to the settlement of US$100,000 convertible debt, the shares were fair valued at $137,500.
o) The Company issued 657,000 shares pursuant to the exercise of 657,000 warrants for gross proceeds of $98,550.
p) The Company issued 100,000 shares pursuant to the exercise of 100,000 stock options for gross proceeds of $9,000.

During the year ended December 31, 2020:

a. On January 14, 2020, the Company issued 600,000 common shares in lieu of fees for consulting services. The shares were fair valued at $72,000.
b. On February 11, 2020, the Company issued 416,667 commons shares to settle debt of $50,000. The shares were fair valued at $50,000 and no gain or loss on debt settlement was recorded.
c. On March 23, 2020, the Company issued 205,556 common shares in lieu of fees to a consultant of the Company. The shares were fair valued at $18,500.
d. On May 29, 2020, the Company issued 600,000 common shares as consideration for a convertible note issued by the Company, the shares were fair valued at $nil.
e. On June 9, 2020, the Company issued 270,000 shares pursuant to a debt settlement, the shares were fair valued at $27,000.

f. On June 11, 2020, the Company issued 1,200,000 common shares to settle and terminate a business advisory agreement, the shares were fair valued at $150,000.
g. On June 24, 2020, the Company issued 600,000 common shares in lieu of fees for consulting services. The shares were fair valued at $66,000.
h. On June 29, 2020, the Company issued 300,000 common shares as consideration for a convertible note issued by the Company, the shares were fair valued at $nil.
i. On July 3, 2020, the Company issued 1,000,000 common shares fair valued at $95,000 for management fees.
j. On July 15, 2020, the Company issued 500,000 common shares fair valued at $47,500 for management fees.
k. On August 27, 2020, the Company issued 583,333 common shares to settle $35,000 USD of convertible debt, the shares were valued at $64,167 (note 11).
l. On September 15, 2020, the Company issued 500,000 common shares fair valued at $40,000 for management fees.
m. On September 29, 2020, the Company issued 150,000 common shares valued at $nil pursuant to the issuance of an additional convertible note.
n. On October 16, 2020, the Company issued 75,000 common shares valued at $nil pursuant to the issuances of an additional convertible note.
o. On November 6, 2020, the Company issued 262,500 common shares in lieu of fees, the shares were fair valued at $21,000.
p. On December 14, 2020, the Company issued 833,333 common shares to settle $50,000 USD of convertible debt. The shares were valued at $133,333.
q. On December 17, 2020, the Company issued 1,666,667 common shares to settle $100,000 USD of convertible debt. The shares were valued at $291,667.
r. On December 18, 2020, the Company issued 2,100,000 common shares to settle $199,752 USD of debt. The shares were fair valued at $357,000 and the Company recorded a loss on debt settlement of $103,773.
s. On December 21, 2020, the Company issued 100,000 common shares as consideration for a convertible note issued by the Company, the shares were fair valued at $nil.
t. On December 23, 2020, the Company issued 1,846,564 common shares to settle $110,794 USD of convertible debt. The shares were valued at $267,752.

(Expressed in Canadian Dollars)

Stock Options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, at its discretion, and in accordance with the CSE requirements to, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Each stock option permits the holder to purchase one share at the stated exercise price. The options vest at the discretion of the Board of Directors.

The following is a summary of the Company's stock option activity:

	Number of Options #	Weighted Average Exercise Price $
Balance, December 31, 2019	**10,374,000**	**0.22**
Granted	6,725,000	0.09
Exercised	(2,000,000)	0.09
Expired	(200,000)	0.17
Forfeited	(5,099,000)	0.20
Balance, December 31, 2020	**9,800,000**	**0.15**
Granted	2,500,000	0.14
Exercised	(100,000)	0.09
Cancelled	(1,025,000)	0.16
Balance, December 31, 2021	**11,175,000**	**0.15**

Pursuant to the exercise of stock options the Company reallocated $6,965 (2020 - $130,127) of contributed surplus to share capital.

On May 6, 2020, the Company granted 2,875,000 options to officers, directors and consultants of the Company. The options had an exercise price of $0.09, vested immediately and expire on May 6, 2025. The Company fair valued the options using the Black-Scholes option pricing model at $208,995.

On June 1, 2020, the Company granted 250,000 options to an employee of the Company, the options have an exercise price of $0.14 and expire on January 30, 2023. The options vested immediately and were fair valued at $14,251.

On July 22, 2020, the Company granted 500,000 options to consultants of the Company, the options have an exercise price of $0.09 and expire on July 22, 2025. The options vested immediately and were fair valued at $34,827 using the Black-Scholes option pricing model.

On November 12, 2020, the Company granted 1,000,000 options to consultants of the Company, the options have an exercise price of $0.09 and expire on November 12, 2025. The options vested immediately and were fair valued at $57,909 using the Black-Scholes option pricing model.

On November 12, 2020, the Company granted 2,000,000 options to directors, officers and consultants of the Company, the options have an exercise price of $0.075 and expire on November 12, 2025. The options vested immediately and were fair valued at $121,608 using the Black-Scholes option pricing model.

(Expressed in Canadian Dollars)

During the year ended December 31, 2021, the Company recorded share-based payments expense of $263,672 (2020 - $473,103; 2019 - $776,962) pursuant to the vesting of previously granted options and the granting of 2,500,000 stock options to the directors of the Company. The Company fair values options using the Black-Scholes option pricing model using the following assumptions:

	December 31, 2021	December 31, 2020
Weighted average fair value of options granted	$ 0.11	$ 0.06
Risk-free interest rate	0.44 – 0.90%	0.44 – 1.51%
Estimated life	5 years	1 – 5 years
Expected volatility	102% - 107%	106% - 119%
Expected dividend yield	0.00%	0.00%

As at December 31, 2021 the following options were outstanding and exercisable:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding
November 17, 2022	0.16	0.88	150,000
November 28, 2022	0.18	0.91	550,000
January 21, 2023	0.32	1.06	450,000
May 1, 2023	0.24	1.33	500,000
August 15, 2023	0.21	1.62	300,000
August 31, 2023	0.27	1.67	200,000
November 22, 2023	0.26	1.89	100,000
December 13, 2023	0.25	1.95	750,000
May 2, 2024	0.27	2.34	150,000
May 17, 2024	0.245	2.41	200,000
June 17, 2024	0.245	2.46	300,000
May 6, 2025	0.09	3.35	2,475,000
June 1, 2025	0.14	3.42	250,000
July 22, 2025	0.09	3.56	400,000
November 12, 2025	0.075	3.87	2,100,000
January 22, 2026	0.145	4.06	2,000,000
June 2, 2026	0.12	4.42	500,000
			11,175,000

(Expressed in Canadian Dollars)

Warrants

The following is a summary of the Company's warrant activity:

	Number of Options #	Weighted Average Exercise Price $
Balance, December 31, 2019	**12,112,313**	**0.23**
Exercised	(200,000)	0.15
Expired	(10,027,836)	0.29
Balance, December 31, 2020	**1,884,477**	**0.15**
Exercised	(657,000)	0.15
Expired	(1,227,477)	0.15
Balance, December 31, 2021	**-**	**0.15**

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	2021 $	2020 $	2019 $
Consulting fees	-	372,066	322,656
Management fees	1,808,250	305,158	163,800
Salaries and wages	78,751	-	-
Share-based compensation	231,016	295,786	-
	2,118,017	973,010	486,456

Included in accounts payable as at December 31, 2021 is $112,128 (December 31, 2020 - $85,669) owing to directors and officers. These amounts are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The income tax provision differs from expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2021 $	December 31, 2020 $	December 31, 2019 $
Net loss for the year	(4,102,608)	(4,874,082)	(4,610,512)
Statutory income tax rate	27%	27%	27%
Expected income tax recovery	(1,107,704)	(1,316,002)	(1,244,838)
Permanent differences	74,003	120,014	205,553
Change in unrecognized deferred assets	1,033,701	1,195,988	1,039,285
Income tax recovery	-	-	-

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	December 31, 2021 $	December 31, 2020 $	December 31, 2019 $
Deferred tax assets			
Non-capital tax loss carry forwards	4,311,488	3,440,372	2,260,154
Other	-	64,347	109,482
Share issuance costs	13,648	43,527	43,527
	4,325,136	3,548,246	2,413,163
Valuation allowance	(4,325,136)	(3,548,246)	(2,413,163)
	-	-	-

As at December 31, 2021, the Company has approximately $15,968,000 of non-capital losses in Canada that may be used to offset future taxable income, expiring between 2026 and 2040.

10. FINANCIAL INSTRUMENTS

Classification of financial instruments

The Company's financial instruments consist of cash, accounts receivable, loans receivable, accounts payable and accrued liabilities and lease obligations. The Company classifies cash, accounts receivable and loans receivable as financial assets at amortized cost. Accounts payable and lease obligations are classified as financial liabilities at amortized cost.

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. When material, these risks are reviewed and monitored by the Board of Directors.

There have been no changes in any risk management policies during the year ended December 31, 2021.

Fair value

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities measured at amortized cost approximate their fair value due to their short term to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable includes $144,710 due from one major customer. The customer is of low credit risk and none of the balance is past due. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments. In December 2020, the Company entered into an agreement pursuant to which it received access to a US $5,000,000 equity line of credit for a period of three years. As at December 31, 2021 the Company has not accessed the equity line of credit.

Foreign exchange risk

The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company maintains a US Dollar bank account in Canada to support the cash needs of its operations. Management believes that the foreign exchange risk related to currency conversion is minimal and therefore does not hedge its foreign exchange risk.

Capital Management

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of a social collaborative charting, news and communication platform for traders. The Board of Directors does not establish 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.

(Expressed in Canadian Dollars)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2021.

11. LEASE OBLIGATIONS

During the year ended December 31, 2020, the Company entered into additional vehicle lease agreements ranging in term from 12-48 months in term. The Company present valued the lease payments using its incremental borrowing rate of 11.31% and recorded a lease obligation of $358,423. During the year ended December 31, 2021, the Company renewed several lease agreements and recorded an additional obligation of $179,795.

The Company's lease obligations at December 31, 2021 and December 31, 2020 and the changes for the periods then ended are as follows:

	$
Balance, December 31, 2019	**202,798**
Lease additions	358,423
Lease termination	(2,623)
Interest expense	28,671
Payments	(374,366)
Balance, December 31, 2020	**212,903**
Lease additions	619,678
Lease credit	(4,385)
Interest expense	22,666
Payments	(287,532)
Balance, December 31, 2021	**563,330**

The Company's future minimum lease payments under the lease obligations as at December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021 $	**December 31, 2020** $
Less than 1 year	166,878	104,745
1-5 years	467,025	134,784
5 + years	-	-
Total minimum lease payments	633,903	239,529
Less: Imputed Interest	(70,573)	(26,626)
Total lease obligations	563,330	212,903
Current portion of lease obligations	(158,409)	(92,736)
Non-current portion of lease obligations	404,921	120,167

During the year ended December 31, 202, the Company also incurred $ 110,266 (2020 - $$58,042) in short-term vehicle lease expense that is not included above.

12. CONVERTIBLE PROMISSORY NOTE

During the year ended December 31, 2021 and 2020, the Company entered into multiple US dollar denominated convertible note agreements, with each convertible note containing a guaranteed interest rate between 5% and 10%, a 5% original issue discount on the principal of the convertible note, incentive common shares of the Company and the right to convert at a fixed price of US $0.06 to US $0.08 per share. As the convertible note and embedded conversion feature are denominated in US dollars and the Company has a Canadian dollar functional currency, they are within the scope of IAS 32 – *Financial Instruments: Presentation,* the value of the conversion feature is subject to changes in value based on the prevailing market price, resulting in a derivative liability. On initial recognition, the Company used the residual value method to allocate the principal amount of the convertible note between the derivative liability and host debt components. The derivative liability was valued first using the Black Scholes option pricing model and the residual was allocated to the host debt component. As the fair value of the debt, when discounted using the Company's discount rate of 11.31% was greater than the total consideration received, the incentive shares were allocated a value of $nil.

The derivative liability is remeasured at fair value through profit or loss at each reporting period using the Black-Scholes pricing model using the following assumptions:

	December 31, 2021	**December 31, 2020**
Risk-free interest rate	0.12%	0.10 – 0.34%
Estimated life	0.5-0.75 years	0.5-0.75 years
Expected volatility	97% - 140%	60% - 101%
Expected dividend yield	0.00%	0.00%

The convertible notes issued are as follows:

On April 14, 2020, the Company issued a convertible note for US$367,500 with a guaranteed interest rate of 10% and an original issue discount of US$17,500. The convertible note was received in two tranches, the first US$262,500 (CAD - $350,092) on April 17, 2020 ("First Tranche") and the remaining US$105,000 (CAD - $139,893) on May 7, 2020 ("Second Tranche"). The convertible note had a maturity date of 225 days from the date the cash was received and could be converted into common shares of the Company at a conversion price of US$0.06 per common share. As consideration for the convertible note the Company issued 600,000 common shares valued at $nil.

On initial measurement the Company fair valued the conversion option of the First Tranche at $85,981 and allocated the residual value of $264,111 to the loan. The Company amortized the loan to maturity using an effective interest rate of 37.12%. During the year ended December 31, 2020, the First Tranche was converted into 4,929,897 common shares valued at $756,919.

The conversion option on the Second Tranche was fair valued at $39,528 with the residual value of $100,365 allocated to the loan. The loan was amortized to maturity using an effective interest rate of 49.31%. The loan matured on December 18, 2020, and during the year ended December 31, 2021, the Second Tranche was converted into 1,975,822 common shares valued at $316,132.

On June 29, 2020, the Company issued a second convertible note for US$210,000 (CAD - $273,526) with a guaranteed interest rate of 5% and an original issue discount of US$10,000. The note matures on February 9, 2021 and can be converted into common shares of the Company at a conversion price of US$0.08 per common share. As consideration for the convertible note the Company issued 300,000 common shares fair valued at $nil. The conversion option was fair valued at $60,816 with the residual value of $212,710 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 33.98%. The loan was converted on January 13, 2021, into 2,756,250 common shares valued at $468,563.

On September 29, 2020, the Company issued a convertible note for US$157,500 (CAD - $201,178) with a guaranteed interest rate of 5% and an original issue discount of US$7,500. The note matures on March 28, 2021 and can be converted into common shares of the Company at a conversion price of US$0.06 per common share. As consideration for the convertible note the Company issued 150,000 common shares fair valued at $nil. The conversion option was fair valued at $47,535 with the residual value of $153,643 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 37.44%. On February 2, 2021, the loan was converted into 2,756,250 common shares valued at $385,875.

On October 16, 2020, the Company issued a convertible note for US$78,750 (CAD - $99,239) with a guaranteed interest rate of 5% and an original issue discount of US$3,750. The note matures on April 14, 2021 and can be converted into common shares of the Company at a conversion price of US$0.06 per common share. As consideration for the convertible note the Company issued 75,000 common shares fair valued at $nil. The conversion option was fair valued at $29,544 with the residual value of $69,695 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 48.62%. On February 17, 2021, the loan was converted into 1,378,125 common shares valued at $325,859.

On December 21, 2020, the Company issued a convertible note for US$105,000 (CAD - $128,770) with a guaranteed interest rate of 5% and an original issue discount of US$5,000. The note matures on June 19, 2021 and can be converted into common shares of the Company at a conversion price of US$0.06 per common share. As consideration for the convertible note the Company issued 100,000 common shares fair valued at $nil. The conversion option was fair valued at $38,631 with the residual value of $90,139 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 49.31%. On May 20, 2021, the loan was converted into 1,837,500 common shares valued at $248,063.

On January 15, 2021, the Company issued a convertible note for US$183,750 (CAD - $222,651) with a guaranteed interest rate of 5% and an original issue discount of US$8,750. The note matures on July 14, 2021 and can be converted into common shares of the Company at a conversion price of US$0.06 per common share. As consideration for the convertible note the Company issued 175,000 common shares fair valued at $nil. The conversion option was fair valued at $66,795 with the residual value of $155,856 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 52.26%. On May 20, 2021, the loan was converted into 3,215,625 common shares valued at $434,109.

On March 12, 2021, the Company issued a convertible note for US$367,500 (CAD - $436,699) with a guaranteed interest rate of 5% and an original issue discount of US$17,500. The note matures on September 8, 2021 and can be converted into common shares of the Company at a conversion price of US$0.13 per common share. As consideration for the convertible note the Company issued 300,000 common shares fair valued at $nil. The conversion option was fair valued at $157,212 with the residual value of $279,487 allocated to the loan. The loan is amortized to maturity using an effective interest rate of 67.96%. On September 22, 2021, the Company issued 2,670,925 common shares to settle US $184,000 of the outstanding balance. The shares were fair valued at $280,447. On November 15, 2021, the Company issued 1,922,707 common shares to settle US $100,000 of the outstanding balance, the shares were fair valued at $182,657. On December 7, 2021, the Company issued 2,111,252 common shares to settle US $83,500, the shares were fair valued at $158,344 and this issuance settled the principal balance in full.

On April 13, 2021, the Company issued a convertible note for US$341,250 (CAD - $427,873) with a guaranteed interest rate of 5% and an original issue discount of US$16,250. The note matures on October 10, 2021 and can be converted into common shares of the Company at a conversion price of US$0.13 per common share. The conversion option was fair valued at $10,817 and the loan was valued at $396,681. The loan is amortized to maturity using an effective interest rate of 4.88%. On December 7, 2021 and December 29, 2021, the Company issued 417,196 and 2,500,000 common shares to settle US $116,500 of the loan, the shares were fair valued at $31,290 and $137,500 respectively. At December 31, 2021, the outstanding balance of the loan is US $257,740 (CAD - $326,763)

On May 27, 2021, the Company issued a convertible note for US$341,250 (CAD - $412,479) with a guaranteed interest rate of 5% and an original issue discount of US$16,250. The note matures on November 23, 2021, and can be converted into common shares of the Company at a conversion price of US$0.13 per common share. The conversion option was fair valued at $18,356 and the loan was valued at $374,481. The loan is amortized to maturity using an effective interest rate of 5.98%.

On closing of the Trucking Acquisition, the Company issued a convertible note with face value of up to US$2,300,000 receivable in four tranches. Each of the first three funded tranches will carry a 5% Original Issue Discount (or “OID”). As consideration of the convertible note, the Company shall issue 500,000 common shares to the noteholder for each of the first three funded tranches. As at December 31, 2021, the first tranche of US $735,000 and the second tranche of US $672,000 had been funded and 500,000 common shares were issued to the noteholder, valued at $nil.

The first tranche had a guaranteed interest rate of 8% and an original issue discount for US $35,000. The note matures on March 14, 2022 and can be converted into common shares of the Company at a conversion price of US $0.09 per common share. The conversion option was fair valued at $110,301 and the loan was fair valued at $776,844. The loan is amortized to maturity using an effective interest rate of 20.087%.

The second tranche had a guaranteed interest rate of 8% and an original issue discount for US $32,000. The note matures on May 23, 2022 and can be converted into common shares of the Company at a conversion price of US $0.09 per common share. The conversion option was fair valued at $140,643 and the loan was fair valued at $670,204. The loan is amortized to maturity using an effective interest rate of 25.55%

The fair value of the derivative liability at December 31, 2021 was $206,726 (2020 - $794,631). During the year ended December 31, 2021 the Company realized a loss on fair value of derivative liability of $164,168 (2020 - $287,661) related to conversion and a $51,781 (2020 - $587,577 unrealized loss) in unrealized gain from remeasurement of the outstanding derivative liabilities.

(Expressed in Canadian Dollars)

The changes in the fair value of the derivative and loan balances were as follows:

	Convertible Debt $	Derivative Liability $
Balance, December 31, 2019	**-**	**-**
Additions	890,663	302,035
Interest expense	77,640	-
Accretion	246,291	-
Change in fair value of derivative liability	-	866,238
Conversion of convertible debt	(384,820)	(373,642)
Foreign exchange on loan	(63,704)	-
Balance, December 31, 2020	**766,070**	**794,631**
Additions	2,653,829	503,848
Interest expense	198,092	-
Accretion	552,151	-
Change in fair value of derivative liability	-	112,387
Conversion of convertible debt	(1,766,066)	(1,204,140)
Foreign exchange on loan	25,151	-
Balance, December 31, 2021	**2,429,227**	**206,726**

13. COST OF SALES

For the year ended December 31, 2021, 2020 and 2019, cost of sales consists of the following:

	2021 $	2020 $	2019 $
Amortization	346,532	388,859	349,668
Driver expenses	9,808	121,352	211,204
Fuel	112,091	396,343	422,726
Short term vehicle rentals	110,265	58,042	-
Salaries and wages	5,674,740	4,983,299	3,352,958
	6,253,436	**5,947,895**	**4,336,556**

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2021, the Company issued 13,833,333 common shares valued at $1,521,667 for consulting and management services.

During the year ended December 31, 2021, the Company issued 13,777,778 common shares valued at $1,611,020 pursuant to the acquisition of Trucking.

During the year ended December 31, 2020, the Company issued 2,786,667 shares valued at $434,000 to settle accounts payable of $330,227 and issued 4,868,056 shares, valued at $422,000, for consulting services.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2021:

1) The Company signed a letter of an intent to acquire another United States delivery service company (the "Acquiree"). The total purchase price (the "Purchase Price") is expected to be one time actual revenue of the Acquiree's first 12 months of operations (expected to be USD$1,400,000), based on an earn-out schedule to be set forth in the definitive agreement, which will be payable in cash (60%) and in shares of ParcelPal's common stock (40%), the stock portion of which shall be priced at-market based on the closing price of the common stock following the closing of the transaction. Under the terms of the proposed transaction, this will be an asset sale and ParcelPal will acquire 100% of the Acquiree's outstanding assets and revenues generated from this delivery service location, which is located in the western region of the United States.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1*	Articles of ParcelPal Technology Inc.
4.1*	Form of Warrant.
4.2*	Convertible Promissory Note Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated June 29, 2020.
4.2*	Convertible Promissory Note Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated April 14, 2020.
4.3*	Convertible Promissory Note Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated September 29, 2020
4.4*	Registration Rights Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated December 16, 2020.
4.5*	Investment Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated December 16, 2020
4.6*	Convertible Promissory Note Agreement between ParcelPal Technology Inc. and Tangiers Global, LLC, dated March 12, 2021
4.7*	ParcelPal Technology Inc. Stock Option Plan
4.8**	Stock Purchase Agreement, dated August 31, 2021
4.9**	Convertible Promissory Note between the Company and Tangiers Global LLC, dated September 15, 2021
10.1*	Platform Agreement between ParcelPal Technology Inc. and Lineten Technologies Inc, dated February 14, 2020.
10.2*	Transportation Agreement between ParcelPal Technology Inc. and Amazon Canada Fulfillment Services, Inc., dated February 11, 2021.
10.3*	Consulting Agreement for Chief Executive Officer of ParcelPal Technology Inc., dated March 27, 2020.
10.4*	Transportation Services Agreement between ParcelPal Technology Inc. and Goodfood Market Inc., dated May 26, 2020.
10.5*	Delivery Service Agreement between ParcelPal Technology Inc. and Bayshore Specialty Rx, dated March 31, 2021
10.6*	Delivery Service Agreement between ParcelPal Technology Inc. and Oco Meals, dated March 29, 2021
10.7*	General Delivery Service Agreement between ParcelPal Technology Inc. and CareRx Corporation, dated November 19, 2020
10.8**	Exclusive Services Agreement by ParcelPal Logistics Inc., dated August 31, 2021
12.1#	Certification of Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
13.1#	Certification of Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934
15.1#	Consent of Independent Registered Public Accounting Firm of BF Borgers CPA PC
15.2#	Consent of Independent Registered Public Accounting Firm of Dale Matheson Carr-Hilton Labonte LLP
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

Filed herewith
* Filed as an Exhibit to our Form 20-F filed with the SEC and Sedar on August 4, 2020, as subsequently amended, and incorporated herein by reference.
** Filed as an Exhibit to our Form 6-K filed with the SEC and Sedar on September 17, 2021

SIGNATURES

The registrant hereby certifies that it meets all the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

PARCELPAL LOGISTICS INC.

/s/ Rich Wheeless

Rich Wheeless

Chief Executive Officer, Chief Financial Officer, Director

Date: May 2, 2022

Exhibit 12.1

Certification of the Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Rich Wheeless, certify that:

1. I have reviewed this annual report on Form 20-F of ParcelPal Logistics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 2, 2022

/s/ Rich Wheeless
Rich Wheeless
Chief Executive Officer
Chief Financial Officer

Exhibit 13.1

Certification of the Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Rich Wheeless, Chief Executive Officer and Chief Financial Officer of ParcelPal Logistics Inc. (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company’s Annual Report on Form 20-F for the period ended December 31, 2020, to which this Certification is attached as Exhibit 13.1 (the “Annual Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2022

/s/ Rich Wheeless

Rich Wheeless
Chief Executive Officer
Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form F-1 (File No. 333-251485) of ParcelPal Logistics Inc. of our report dated May 2, 2022 relating to the consolidated financial statements of ParcelPal Logistics Inc., which appears in this Annual Report on Form 20-F.

/s/ BF Borgers CPA PC

Lakewood, CO
May 2, 2022

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

We consent to the use in this annual report on Form 20-F of our report dated April 30, 2021, relating to the financial statements of ParcelPal Technology Inc. for the years ended December 31, 2020, and 2019, which appears in ParcelPal Technology Inc.'s Annual Report on Form 20-F for the year ended December 31, 2021, and which is incorporated by reference to ParcelPal Technology Inc.'s Registration statement on Form F-1 (File No. 333-251485) and to the reference to us under the heading "experts" in the Prospectus of such Registration Statement.

/s/ DMCL LLP

Chartered Professional Accountants
1500 - 1140 West Pender Street
Vancouver, British Columbia, V6E 4G1

May 2, 2022