TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI VENTURES LTD.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended March 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tevano Systems Holdings Inc. (the "Company") for the interim period ended March 31, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

May 30, 2022

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2022 and June 30, 2021
(Expressed in Canadian dollars) - Unaudited

	Note	**March 31, 2022**	June 30, 2021
ASSETS		**$**	$
Current			
Cash		**50,161**	677,976
Inventory	6	**166,648**	132,528
Loan to shareholder		**5,500**	-
Receivables		**50,074**	39,742
Prepaid expenses	7	**75,750**	728,357
Total current assets		**348,133**	1,578,603
Property and equipment	8	**4,689**	35,990
Total assets		**352,822**	1,614,593
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9, 18	**841,294**	582,379
Lease liability	10	**-**	35,803
Derivative liabilities	11	-	591,994
Current portion of warrant liability	12	**24,116**	-
Deferred revenue		**3,480**	-
Shareholder loan	18	**30,000**	-
Total current liabilities		**898,890**	1,210,176
Convertible promissory note	13, 18	**-**	154,128
Convertible note	14, 18	**-**	461,874
Promissory note	15, 18	**100,000**	525,113
Warrant liability	12	**225,757**	-
Total liabilities		**1,224,647**	2,351,291
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	16	**13,337,942**	10,235,824
Reserves	16	**2,491,350**	1,846,049
Share subscription deposits	16	**-**	25,000
Accumulated other comprehensive income		**30,370**	35,901
Deficit		**(16,731,487)**	(12,879,472)
Total shareholders' equity (deficiency)		**(871,825)**	(736,698)
Total liabilities and shareholders' equity (deficiency)		**352,822**	1,614,593

Nature and continuance of operations (note 1)
Commitments (note 21)
Events after the reporting period (note 23)

Approved and authorized for issue on behalf of the Board on May 30, 2022.

/s/ ""
David Bajwa, CEO and Director

/s/ ""
John Benjamin Sawchuk, Director

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

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended March 31, 2022 and 2021
(Expressed in Canadian dollars, except number of shares) - Unaudited

		Three months ended March 31,		Nine months ended March 31,	
	Note	**2022**	2021	**2022**	2021
		$	$	**$**	$
Revenue		**1,305**	59,426	**10,540**	59,426
Cost of sales		**(15,959)**	(47,103)	**(51,218)**	(47,103)
Gross profit		**(14,654)**	12,323	**(40,678)**	12,323
Operating expenses					
Amortization	8	**738**	15,330	**31,301**	45,189
Consulting fees	18	**105,611**	252,661	**335,476**	515,189
Exchange fees		**13,085**	19,437	**26,039**	19,437
Insurance		**24,580**	13,958	**127,284**	36,200
Investor relations		**47,621**	242,212	**263,685**	242,212
Marketing		**124**	34,751	**41,282**	165,879
Office		**41,138**	33,403	**77,738**	65,420
Professional fees	18	**65,079**	304,126	**639,801**	484,924
Salaries		**-**	-	**-**	11,114
Share-based compensation	16(d),18	**85,015**	326,307	**645,301**	326,307
Rent		**20,162**	6,110	**20,317**	6,110
Technology development	17,18	**277,953**	245,592	**2,019,046**	637,994
Travel		**10,674**	23,029	**52,133**	33,169
Total operating expenses		**691,780**	1,516,916	**4,279,403**	2,589,144
Loss from operations		**706,434**	1,504,593	**4,320,081**	2,576,821
Accretion	13,14,15	**49,976**	24,888	**195,171**	89,738
Foreign exchange (gain) loss		**(4,061)**	7,741	**1,417**	62,209
Loss (gain) on debt settlement	15	**23,518**	34,223	**14,051**	(99,677)
(Gain) loss on change in fair value of derivative liabilities	11	**(536,617)**	56,786	**(591,994)**	50,682
Gain on change in warrant liability	12	**(34,208)**	-	**(34,208)**	-
Gain on debt modification	13	**-**	-	**-**	(80,204)
Gain on shares returned to treasury	16	**-**	-	**(244,351)**	-
Interest on lease liability	10	**-**	2,010	**2,387**	7,506
Inventory impairment	6	**-**	8,266	**196,047**	8,266
Listing expense		**-**	2,250,588	**-**	2,312,988
Other income		**(4,033)**	(4,597)	**(6,586)**	(30,176)
Net loss		**(201,009)**	(3,884,498)	**(3,852,015)**	(4,898,153)
Foreign currency translation adjustment		**10,152**	8,419	**(5,531)**	54,329
Comprehensive loss		**(190,857)**	**(3,876,079)**	**(3,857,546)**	(4,843,824)
Net loss per share					
Basic and diluted		**(0.00)**	(0.08)	**(0.05)**	(0.11)
Weighted average number of common shares outstanding					
Basic and diluted		**77,673,137**	49,525,504	**80,494,790**	45,627,334

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

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended March 31, 2022 and 2021
(Expressed in Canadian dollars, except number of shares) - Unaudited

	2022	2021
	$	$
Operating Activities		
Net loss	**(3,852,015)**	(4,898,153)
Adjustments to non-cash items:		
Amortization	**31,301**	45,189
Shares issued for services	**-**	129,022
Share-based compensation	**645,301**	326,307
Technology development	**1,633,538**	254,750
Accretion	**195,171**	89,738
Loss on debt settlement	**14,051**	99,677
(Gain) loss on change in fair value of derivative liabilities	**(591,994)**	50,682
Gain on change in warrant liability	**(34,208)**	-
Gain on debt modification	**-**	(80,204)
Gain on shares returned to treasury	**(244,351)**	-
Interest on lease liability	**2,387**	7,506
Inventory impairment	**196,047**	8,266
Listing expense	**-**	2,312,988
Changes in non-cash working capital items:		
Inventory	**(34,120)**	(599,827)
Loan to shareholder	**(5,500)**	-
Receivables	**(10,332)**	(17,478)
Prepaid expenses	**456,560**	(601,199)
Accounts payable and accrued liabilities	**306,330**	(634,690)
Deferred revenue	**3,480**	-
Shareholder loan	**30,000**	-
Cash used in operating activities	**(1,258,354)**	(3,507,426)
Investing Activities		
Cash acquired in reverse takeover	**-**	6,308
Purchases of property and equipment	**-**	(1,027)
Cash provided by investing activities	**-**	5,281
Financing Activities		
Units issued for cash - private placement	**678,000**	-
Common share issued for cash - private placement	**-**	3,097,500
Proceeds from warrants exercises	**-**	275,000
Share issuance costs	**(3,740)**	(121,446)
Lease payments	**(38,190)**	(48,218)
Cash provided by financing activities	**636,070**	3,202,836
Effect of foreign exchange on cash	**(5,531)**	54,329
Change in cash during the period	**(627,815)**	(244,980)
Cash, beginning of period	**677,976**	2,337,556
Cash, end of period	**50,161**	2,092,576

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

TEVANO SYSTEMS HOLDINGS INC.
(Formerly known as RBI Ventures Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars, except numbers of shares) - Unaudited

	Number of common shares	Share capital	Reserves	Share subscription deposits	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$	$	$
Balance, June 30, 2020	42,237,497	2,679,948	250,106	2,028,500	(4,792)	(4,215,982)	737,780
Shares issued - private placement	25,630,000	5,126,000	-	(2,028,500)	-	-	3,097,500
Shares returned to treasury	(766,667)	-	-	-	-	-	-
Shares issued in the Transaction	995,248	507,576	-	-	-	-	507,576
Warrants exercised	2,333,333	275,000	-	-	-	-	275,000
Shares issued as finder's fee	2,000,000	1,020,000	-	-	-	-	1,020,000
Warrants issued as part the Transaction	-	-	370,444	-	-	-	370,444
Share issue costs	-	(321,446)	-	-	-	-	(321,446)
Share-based compensation	-	-	326,307	-	-	-	326,307
Debt settlement with shares	1,000,000	200,000	-	-	-	-	200,000
Conversion of convertible promissory note	2,441,820	508,696	(94,481)	-	-	-	414,215
Foreign currency translation adjustment	-	-	-	-	54,329	-	54,329
Net loss	-	-	-	-	-	(4,898,153)	(4,898,153)
Balance, March 31, 2021	75,871,231	9,995,774	852,376	-	49,537	(9,114,135)	1,783,552
Shares returned to treasury	(208,254)	(244,351)	-	-	-	-	(244,351)
Special Warrants issued - private placement	-	-	500,000	-	-	-	500,000
Shares issued for services	419,501	489,301	-	-	-	-	489,301
Share issue costs	-	(4,900)	-	-	-	-	(4,900)
Share subscription deposits	-	-	-	25,000	-	-	25,000
Share-based compensation	-	-	493,673	-	-	-	493,673
Foreign currency translation adjustment	-	-	-	-	(13,636)	-	(13,636)
Net loss	-	-	-	-	-	(3,765,337)	(3,765,337)
Balance, June 30, 2021	76,082,478	10,235,824	1,846,049	25,000	35,901	(12,879,472)	(736,698)
Shares issued - private placement	125,000	25,000	-	(25,000)	-	-	-
Shares returned to treasury	(208,254)	(244,351)	-	-	-	-	(244,351)
Shares issued in Illuria Acquisition	11,000,000	1,595,000	-	-	-	-	1,595,000
Shares issued for debt settlement	1,800,000	1,336,290	-	-	-	-	1,336,290
Units issued - private placement	6,780,000	401,021	-	-	-	-	401,021
Finder's units - private placement	145,000	(7,102)	-	-	-	-	(7,102)
Share issue costs	-	(3,740)	-	-	-	-	(3,740)
Share-based compensation	-	-	645,301	-	-	-	645,301
Foreign currency translation adjustment	-	-	-	-	(5,531)	-	(5,531)
Net loss	-	-	-	-	-	(3,852,015)	(3,852,015)
Balance, March 31, 2022	**95,724,224**	**13,337,942**	**2,491,350**	**-**	**30,370**	**(16,731,487)**	**(871,825)**

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

1. Nature and continuance of operations

Tevano Systems Holdings Inc. (the “Company”) (formerly known as “RBI Ventures Ltd.” or “RBI”) was incorporated under the laws of British Columbia, Canada on March 23, 2000. The Company’s head office and principal address is Suite 1303 - 1030 West Georgia Street, Vancouver, BC V6E 2Y3. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “TEVO” and on the Frankfurt exchange under the symbol “7RB”.

Reverse takeover

Tevano Systems Inc. (“Tevano”) (formerly Tevano Payment Systems Inc.) was incorporated on April 12, 2018, under the laws of British Columbia. Tevano is in the business of designing, developing, marketing, and selling self-service kiosks for non-physical contact monitoring, testing temperatures, and dispensing hand sanitizer for the post COVID-19 environment.

On September 21, 2020, RBI announced that it entered into an amalgamation agreement dated September 17, 2020 (the “Amalgamation Agreement”) with 1251858 B.C. Ltd., a newly incorporated subsidiary of RBI (“SubCo”), and Tevano. Pursuant to the Amalgamation Agreement, RBI acquired all of the issued and outstanding securities of Tevano in exchange for securities of RBI (the “Transaction”), carried out by way of a three-cornered amalgamation. As a result of the Transaction, the Company continued with the business of Tevano. Tevano is arm’s length to RBI.

Effective March 15, 2021, the Transaction closed whereby Tevano issued 995,248 common shares to RBI’s shareholders (note 4). Additionally, Tevano issued 2,000,000 common shares, 1,000,000 warrants, and $200,000 to an arm’s length Finder that facilitated the Transaction. Concurrent with the closing of the Transaction, the Company’s common shares were listed on the CSE on March 19, 2021.

Management determined that the Transaction constituted a reverse acquisition for accounting purposes whereby Tevano acquired the Company. For accounting purposes, Tevano is treated as the accounting acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these condensed interim consolidated financial statements. As Tevano was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these financial statements at their historical carrying values. The Company’s results of operations are included from the transaction date, March 15, 2021. The comparative figures are those of Tevano prior to the reverse acquisition.

Going concern

These condensed interim consolidated financial statements (“interim financial statements”) have been prepared using accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its obligations for the foreseeable future.

As at March 31, 2022, the Company has a working capital deficiency of $550,757 (June 30, 2021 - working capital $368,427), has not yet achieved profitable operations, and has an accumulated deficit of $16,731,487 (June 30, 2021 - $12,879,472). This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to ensure continuing operations is dependent on the Company’s ability to raise sufficient funds to finance development activities and generate sales. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. These interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities as it can result in operating, supply chain and project development delays that can materially adversely affect the operations of the Company. The Company’s revenues and cash flows from operations are dependent upon the market for, and attitudes toward adoption of the Company’s Health Shield product. Uncertainty regarding the future sales of the Health Shield product may result in a material adverse impact on the Company’s results of operations, financial condition. The extent to which the coronavirus may positively or negatively impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. Basis of presentation and critical accounting estimates, judgments, and assumptions

Statement of compliance

These interim financial statements were approved and authorized for issuance on May 30, 2022 by the Board of Directors of the Company.

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As such, these consolidated financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2021 and 2020 (the "annual financial statements").

Basis of measurement

These interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out in the annual financial statements. In addition, these interim financial statements have been prepared using the accrual basis of accounting except cash flow information.

Principles of consolidation

These interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Tevano USA Inc., Tevano Systems Inc., and Illuria Security Inc. All intercompany balances, transactions, revenues, and expenses have been eliminated on consolidation.

Functional and presentation currency

These interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. The Company's subsidiaries, Tevano USA Inc. and Illuria Security Inc., have the United States dollar as its functional currency.

Critical accounting estimates, judgments, and assumptions

The preparation of these interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

The Company's interim results are not necessarily indicative of its results for a full year. The significant judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 2 of the annual financial statements.

3. Significant Accounting Policies

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in note 3 to the annual financial statements, except as follows:

Warrant liability

The warrant liability is measured at fair value using the Black-Scholes option pricing model based on estimated fair values at the date of grant and revalued at financial reporting period ends with changes in fair value being charged or credited to the consolidated statements of loss and comprehensive loss. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price, volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate. Warrants sold in units with shares are valued at the fair value on the date of the unit placement, and the residual value, if any, is allocated to share capital.

(Expressed in Canadian dollars, except where noted) - Unaudited

4. Reverse takeover

Upon the closing of the Transaction on March 15, 2021, outlined in note 1, the following occurred:

- Tevano issued 995,248 common shares of the Company to RBI's shareholders at fair value of $507,576 ($0.51 per share).
- Tevano issued 2,000,000 common shares as finder's fees at fair value of $1,020,000 ($0.51 per share).
- Tevano issued 1,000,0000 warrants as finder's fees. The warrants were valued using the Black-Scholes option pricing model, at a fair value of $370,444. The warrants have an exercise price of $0.20 per warrant and expire two years from the date of issuance. Other inputs to the Black-Scholes model were: 100% volatility; risk-free rate of 0.23%; and dividend yield of 0.00%.
- Tevano paid cash finder's fees of $200,000.
- Tevano incurred $67,750 in listing expense prior to the closing of the Transaction and the amount is allocated as part of the consideration.
- Tevano completed private placement financing prior to the Transaction whereby the Company issued an aggregate of 25,630,000 common shares over the course of fiscal 2021 to the completion of the Transaction for gross proceeds of $5,126,000 (note 16).

	March 15, 2021
	$
Purchase price:	
Fair value of RBI common shares	507,576
Fair value of Tevano common shares	1,020,000
Fair value of Tevano warrants	370,444
Cash fee paid to Finder	200,000
Transaction costs	67,750
Total consideration	**2,165,770**
Net liabilities acquired:	
Cash	6,308
Receivables	3,416
Accounts payable and accrued liabilities	(7,735)
Loan from Tevano (1)	(149,207)
Total net liabilities	**(147,218)**
Listing expense	**2,312,988**

(1) As at March 31, 2022, the loan from Tevano is reclassified as an intercompany loan and is eliminated on consolidation.

5. Acquisition

On August 8, 2021, the Company entered into a non-binding letter of intent for the acquisition of Illuria Security Inc. ("Illuria").

Founded in 2019, Illuria has been developing software in the cyber security space. Illuria's technology uses a "deception strategy", utilizing "cyber-traps" that resemble actual digital assets to hackers. Once a hacker attempts to interact with a cyber-trap, the software detects the activity and alerts network security personnel who can then take action against the threat.

On December 17, 2021, Tevano acquired a 100% ownership interest in Illuria for 10,000,000 common shares of Tevano issued to the shareholders of Illuria (the "Illuria Acquisition"). The Illuria Acquisition was structured as a merger between Illuria and Tevano's wholly owned subsidiary TSH (Delaware) Corp. The Company issued an aggregate of 1,000,000 common shares to finders in the Illuria Acquisition.

The shares issued as consideration in the Illuria Acquisition had an aggregate fair value on the date of issuance of $1,595,000, comprised of 10,000,000 shares issued to the Illuria shareholders and 1,000,000 shares issued to the finders valued at the closing market price of Tevano's stock on December 17, 2021 of $0.145 per share.

The acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based Payment*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs that together constitute a business did not exist in Illuria at the time of acquisition. As the software developed in Illuria to-date is not functional and does not meet the criteria as a development-phase intangible asset, the consideration in excess of net liabilities acquired was expensed to technology development expense.

(Expressed in Canadian dollars, except where noted) - Unaudited

5. Acquisition (continued)

The following table summarizes the consideration paid and net liabilities acquired in the Illuria Acquisition:

	March 15, 2021
	$
Purchase price:	
Fair value of the Company's common shares (10,000,000 shares)	1,450,000
Fair value of the Company's common shares (1,000,000 shares)	145,000
Total consideration	**1,595,000**
Net liabilities acquired:	
Accounts payable and accrued liabilities	(38,538)
Total net liabilities	**(38,538)**
Technology development	**1,633,538**

6. Inventory

As at March 31, 2022 and June 30, 2021, the Company had the following inventory:

	March 31, 2022	June 30, 2021
	$	$
Tablet computers	**131,648**	132,528
Bitcoin kiosks	**35,000**	-
Total	**166,648**	132,528

During the three and nine months ended March 31, 2022, the Company recognized impairment of $nil and $196,047, respectively (2021 - $8,266 and $8,266, respectively).

7. Prepaid expenses

As at March 31, 2022 and June 30, 2021, the Company had the following prepaid expenses:

	March 31, 2022	June 30, 2021
	$	$
Legal and professional retainers	**26,066**	165,237
Lease	**7,057**	-
Consulting fees	**21,224**	-
Marketing and investor relations	**-**	212,125
Security deposit - lease	**11,633**	11,633
Insurance	**7,778**	106,135
Deposit on technology development	**-**	232,301
Other prepaid expenses	**1,992**	926
Total	**75,750**	728,357

(Expressed in Canadian dollars, except where noted) - Unaudited

8. Property and equipment

	Right of use assets	Computer hardware	Furniture and fixtures	Total
	$	$	$	$
Cost				
Balance, June 30, 2020	170,006	1,712	10,192	181,910
Additions	1,236	1,027	-	2,263
Balance, June 30, 2021	171,242	2,739	10,192	184,173
Balance, March 31, 2022	**171,242**	**2,739**	**10,192**	**184,173**
Accumulated amortization				
Balance, June 30, 2020	84,541	95	3,058	87,694
Amortization	57,614	837	2,038	60,489
Balance, June 30, 2021	142,155	932	5,096	148,183
Amortization	29,087	685	1,529	31,301
Balance, March 31, 2022	**171,242**	**1,617**	**6,625**	**179,484**
Net book value				
Balance, June 30, 2021	29,087	1,807	5,096	35,990
Balance, March 31, 2022	**-**	**1,122**	**3,567**	**4,689**

9. Accounts payable and accrued liabilities

As at March 31, 2022 and June 30, 2021 the Company had the following accounts payable and accrued liabilities:

	March 31, 2022	June 30, 2021
	$	$
Trade payables	**766,631**	415,871
Technology development payable [(1)]	**-**	74,035
Accrued liabilities	**74,663**	92,473
Total	**841,294**	582,379

[(1)] Technology development cost payable is due to related party vendors, INEX USA Inc ("INEX"), for hardware engineering and development services related to the advancement and improvement of the Company's proprietary payment solution pursuant to contribution agreements. INEX is a related party due to common directorship.

10. Lease liability

The following table summarizes the lease liability as at March 31, 2022 and June 30, 2021:

	March 31, 2022	June 30, 2021
	$	$
Balance, beginning of period	**35,803**	91,806
Additions	**-**	1,236
Interest expense	**2,387**	9,309
Lease payments	**(38,190)**	(66,548)
Balance, end of period	**-**	35,803

The lease liability related to the lease of the Company's head office. The term ended on December 31, 2021 and was renewed on a single year term. Future lease payments under the agreement will be expensed as the lease meets the IFRS 16 definition of a short-term, low value lease.

(Expressed in Canadian dollars, except where noted) - Unaudited

11. Derivative liabilities

	March 31, 2022	June 30, 2021
	$	$
Balance, beginning of period	**591,994**	-
Issuance of INEX convertible promissory note (note 13)	-	143,421
Issuance of INEX convertible note (note 14)	-	475,782
Gain on change in fair value of derivative liabilities	**(591,994)**	(27,209)
Balance, end of period	**-**	591,994

On February 25, 2022, the Company entered into a settlement agreement with INEX wherein the convertible promissory note and convertible note were settled in exchange for 1,800,000 common shares of the Company (note 16). As a result of the settlement, the conversion feature was deemed expired and the fair value of the derivative liability at February 25, 2022 and March 31, 2022 was $nil. For the three and nine months ended March 31, 2022, gain on change in fair value of derivative liabilities was $536,617 and $591,994, respectively (2021- $nil and $nil, respectively).

Convertible promissory note

Upon the issuance of the INEX convertible promissory note (note 13), the Company measured the fair value of the derivative liability using a Black-Scholes option pricing model. The Company determined that the fair value at initial recognition was $143,421 using the following assumptions:

Risk-free interest rate	0.31%
Share price	0.20
Exercise price	0.20
Expected life	2.22 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

The fair value was subsequently remeasured at February 25, 2022 to be $nil using the following assumptions:

Risk-free interest rate	1.68%
Share price	0.14
Exercise price	0.14
Expected life	0.00 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability for the three and nine months ended March 31, 2022 of $110,795 and $116,963 (2021 - $nil and $nil), respectively.

Convertible note

Upon the issuance of the convertible note (note 14), the Company measured the fair value of the derivative liability using a Black-Scholes option pricing model. The Company determined that the fair value at initial recognition was $475,782 using the following assumptions:

Risk-free interest rate	0.79%
Share price	0.60
Exercise price	0.60
Expected life	2.00 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

(Expressed in Canadian dollars, except where noted) - Unaudited

11. Derivative liabilities (continued)

The fair value of the convertible note conversion feature was subsequently remeasured at February 25, 2022 to be $nil using the following assumptions:

Risk-free interest rate	1.68%
Share price	0.14
Exercise price	0.14
Expected life	0.00 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability for the three and nine months ended March 31, 2022 of $425,822 and $475,031 (2021 - $nil and $nil), respectively.

12. Warrant liability

	Warrants	Weighted average exercise price	Warrant liability
	#	$	$
Balance, June 30, 2020 and 2021	-	-	-
Issuance of warrants	4,795,000	0.25	**234,855**
Issuance of warrants	2,130,000	0.25	**49,226**
Change in fair value of warrant liability			**(34,208)**
Balance, March 31, 2022	**6,780,000**	**0.25**	249,873
Less: current portion of warrant liability			**(24,116)**
Warrant liability			225,757

On December 31, 2021, the Company issued 4,650,000 private placement units and 145,000 finder's units consisting of one common share and one warrant (note 16). Each warrant is exercisable for one common share of the Company until June 30, 2023. The warrants have an exercise price of $0.20 for the period from December 31, 2021 to December 31, 2022 and an exercise price of $0.25 for the period from January 1, 2023 to June 30, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $0.30 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are classified as a financial instrument measured at fair value in accordance with IFRS 9, as the cash proceeds are not fixed and determinable at the time of issuance. Accordingly, the warrants are recorded as a liability that is measured at fair value at each reporting date with the change in fair value charged or credited to the consolidated statements of loss and comprehensive loss.

The Company measured the fair value of the warrant liability using a Black-Scholes option pricing model and applied judgment in determining the likelihood of exercise at each exercise price. Management's best estimate is an expected 10% of warrant holders will exercise at $0.20 and 90% will exercise at $0.25. The Company determined that the fair value at initial recognition was $234,855 using the following assumptions:

Risk-free interest rate	1.25%	1.25%
Share price	0.15	0.15
Exercise price	0.20	0.25
Expected life	1.00 years	1.50 years
Expected volatility	100%	100%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

(Expressed in Canadian dollars, except where noted) - Unaudited

12. Warrant liability (continued)

The fair value was subsequently remeasured at March 31, 2022 to be $201,966 using the following assumptions:

Risk-free interest rate	1.25%	1.25%
Share price	0.15	0.15
Exercise price	0.20	0.25
Expected life	1.00 years	1.50 years
Expected volatility	100%	100%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of warrant liability for the three and nine months ended March 31, 2022 of $32,889 and $32,889 (2021 - $nil and $nil), respectively.

On March 15, 2021, the Company issued 2,130,000 private placement units consisting of one common share and one warrant (note 16). Each warrant is exercisable for one common share of the Company until September 14, 2023. The warrants have an exercise price of $0.20 for the period from March 14, 2022 to March 14, 2023 and an exercise price of $0.25 for the period from March 15, 2023 to September 14, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $0.30 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are classified as a financial instrument measured at fair value in accordance with IFRS 9, as the cash proceeds are not fixed and determinable at the time of issuance. Accordingly, the warrants are recorded as a liability that is measured at fair value at each reporting date with the change in fair value charged or credited to the consolidated statements of loss and comprehensive loss.

The Company measured the fair value of the warrant liability using a Black-Scholes option pricing model and applied judgment in determining the likelihood of exercise at each exercise price. Management's best estimate is an expected 10% of warrant holders will exercise at $0.20 and 90% will exercise at $0.25. The Company determined that the fair value at initial recognition was $49,226 using the following assumptions:

Risk-free interest rate	1.90%	1.90%
Share price	0.10	0.10
Exercise price	0.20	0.25
Expected life	1.00 years	1.50 years
Expected volatility	100%	100%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

The fair value was subsequently remeasured at March 31, 2022 to be $47,907 using the following assumptions:

Risk-free interest rate	2.17%	2.17%
Share price	0.10	0.10
Exercise price	0.20	0.25
Expected life	0.95 years	1.46 years
Expected volatility	100%	100%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

As a result of the change in fair value, the Company recognized a gain on change in fair value of warrant liability for the three and nine months ended March 31, 2022 of $1,319 and $1,319 (2021 - $nil and $nil), respectively.

(Expressed in Canadian dollars, except where noted) - Unaudited

13. Convertible promissory note

	March 31, 2022	June 30, 2021
	$	$
Balance, beginning of period	**154,128**	458,009
Issuance of INEX convertible promissory note	-	119,598
Accretion	**40,738**	73,896
Effects of debt modification on Nevatronix note	-	(80,204)
Conversion of Nevatronix note to equity	-	(417,171)
Settlement of INEX promissory note	**(194,866)**	-
Balance, end of period	**-**	154,128

On October 26, 2018, pursuant to a contribution agreement between Nevatronix and the Company, in which Nevatronix transferred to the Company its entire right, title, and interest (including all intellectual property rights) in and to certain of Nevatronix's proprietary hardware, firmware, know-how and other technologies relevant to the development of the Company's proprietary payment solution, the Company agreed to pay consideration of $620,924 to Nevatronix, due on or before October 26, 2020. In relation to the consideration, the Company issued a non-interest bearing convertible promissory note, maturing on October 26, 2020, convertible at $0.10 per share. On initial recognition, the Company discounted the face value of the convertible promissory note at a market interest rate of 8%, resulting in $91,527 being recorded to reserves to recognize the equity component using the residual value method. On October 13, 2020, the Company amended this agreement to extend the maturity from October 26, 2020, to January 10, 2023. As a result of the amendment, the convertible promissory note was extinguished and recorded at the present value on the date of amendment. As a result, the Company recognized a gain on debt modification of $80,204.

On January 5, 2021, this agreement was amended to revise the conversion price to $0.20 per share and on February 8, 2021, Nevatronix exercised its conversion right and converted the note for an aggregate of 2,441,820 common shares (note 16).

Nevatronix is a related party due to common directorship.

INEX convertible promissory note

On October 13, 2020, the Company issued a convertible promissory note for $263,019 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution, separate from the promissory note issued on December 3, 2018 (note 15). The promissory note is interest-free and repayable on the earlier of (i) two years after the shares are publicly traded on a Canadian or U.S securities exchange; or (ii) January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.20 per common share and (ii) the ten-day weighted average price per share if traded on a securities exchange.

On initial recognition, the Company determined that the INEX convertible promissory note's conversion feature is a derivative liability that must be accounted for as a separate liability measured at fair value (note 11) as the number of potential common shares to be issued is contingent on the variable share price of the Company. The convertible promissory note was measured as the residual liability after calculating the fair value of the derivative liability and is subsequently measured at amortized cost.

INEX is a related party due to common directorship.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the convertible promissory note, convertible note (note 14), and promissory note (note 15) were settled for 1,800,000 common shares (note 16).

14. Convertible note

	March 31, 2022	June 30, 2021
	$	$
Balance, beginning of period	**461,874**	-
Issuance of INEX convertible note	-	431,718
Accretion	**129,109**	19,459
Foreign exchange loss	-	10,697
Settlement of INEX convertible note	**(590,983)**	-
Balance, end of period	**-**	461,874

14. Convertible note (continued)

On May 19, 2021, the Company issued a convertible note of $907,500 (US$750,000) to INEX USA as part of an asset purchase agreement in which the Company acquired the rights, titles, and interest to the software, Health Shield, from INEX. The convertible note has a maturity date of May 19, 2023, with a conversion price equal to the three-day weighted average price per share for the three days immediately prior to the conversion in the amount and number of such shares equal to the principal amount of convertible note.

On initial recognition, the Company determined that the convertible note's conversion feature is a derivative liability that must be accounted for as a separate liability measured at fair value (note 11) as the number of potential common shares to be issued is contingent on the variable share price of the Company and fluctuations in foreign exchange rates as the note must be settled in US dollars. The convertible note was measured as the residual liability after calculating the fair value of the derivative liability and is subsequently measured at amortized cost.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the convertible promissory note (note 13) convertible note, and promissory note (note 15) were settled for 1,800,000 common shares (note 16).

15. Promissory note

	March 31, 2022	June 30, 2021
	$	$
Balance, beginning of period	**525,113**	486,600
Issuance of non-convertible promissory note	**100,000**	-
Accretion	**25,324**	38,513
Settlement of promissory note (note 16)	**(550,437)**	-
Balance, end of period	**100,000**	525,113

On December 3, 2018, pursuant to a contribution agreement, the Company issued a promissory note for $583,147 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution. The promissory note is interest-free and repayable on January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.03 ($0.02 prior to consolidation) per common share or (ii) the thirty-day weighted average price of the common shares if the Company is listed on a designated stock exchange.

On initial recognition, the Company discounted the face value of the promissory note payable at a market interest rate of 8%, and $157,219 was recorded as interest benefit in reserves. Subsequent measurement of the promissory note is at amortized cost.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the convertible promissory note (note 13) convertible note (note 14), and promissory note were settled for 1,800,000 common shares (note 16).

On February 25, 2022, the Company entered into a debt settlement agreement with INEX and issued a promissory note for $100,000 for the settlement of $76,482 (USD$60,000) of trade payables to INEX (note 9). The promissory note is interest-free and repayable on the earlier of (1) within five business days of raising a minimum of $2,500,000 in private placement financing, and (2) December 31, 2022. The Company recognized $23,518 loss on debt settlement related to the issuance of the non-convertible promissory note.

16. Share capital

(a) Authorized:

Unlimited common shares without par value.

(b) Issued - common shares

During the three and nine months ended March 31, 2022, the Company completed the following transactions:

On March 25, 2022, pursuant to a debt settlement agreement with INEX dated February 25, 2022, the Company issued 1,800,000 common shares in settlement of its convertible promissory note (note 13), convertible note (note 14), and promissory note (note 15). The debt amounts settled had an aggregate carrying amount on February 25, 2022 of $1,336,290, which has been recorded in share capital.

16. Share capital (continued)

On March 15, 2022, the Company issued 2,130,000 private placement units at $0.10 per unit for gross proceeds of $213,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until June 30, 2023. The warrants have an exercise price of $0.20 for the period from March 14, 2022 to March 14, 2023 and an exercise price of $0.25 for the period from March 15, 2023 to September 14, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $0.30 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants have been accounted for as a liability measured at fair value. On initial recognition, the warrants had a fair value of $49,226. The residual value of $163,774 was allocated to shareholders' equity. In connection with the private placement, the Company incurred $3,740 in share issuance costs.

On December 31, 2021, the Company closed a private placement for 4,650,000 units at $0.10 per unit for gross proceeds of $465,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until June 30, 2023. The warrants have an exercise price of $0.20 for the period from December 31, 2021 to December 31, 2022 and an exercise price of $0.25 for the period from January 1, 2023 to June 30, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $0.30 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants have been accounted for as a liability measured at fair value. On initial recognition, the warrants had a fair value of $227,753. The residual value of $237,247 was allocated to shareholders' equity. In connection with the December 31, 2021 private placement, the Company issued 145,000 units to finders with terms identical to those sold in the private placement. The common share component in the finder's units were valued at $0.15 which was the Company's closing share price on the date of the private placement. The warrants had a fair value of $7,102 (note 12) and were recorded as share issuance costs and an increase to the reserve.

On December 17, 2021, pursuant to the closing of the Illuria Acquisition, the Company issued 10,000,000 common shares of the Company to the shareholders of Illuria at a fair value of $0.145 per share for total fair value of $1,450,000. The Company issued 1,000,000 common shares of the Company to the finder of the acquisition at a fair value of $0.145 per share for total fair value of $145,000 (note 5).

On August 26, 2021, in relation to the resignation of a consultant, 208,254 common shares of the Company with a fair value of $244,351 were returned to treasury. The fair value of returned shares was treated as a gain on shares returned to treasury in the consolidated statements of loss and comprehensive loss.

On July 9, 2021, the Company closed a private placement for 125,000 common shares at $0.20 per common share and reclassified $25,000 of previously received subscription receipts form share subscription deposits to share capital.

During the year ended June 30, 2021, the Company completed the following transactions:

On June 16, 2021, in relation to an amended consulting agreement, 208,254 common shares of the Company with a fair value of $244,351 were returned to treasury. The fair value of returned shares was treated as a reduction of consulting expenses in the consolidated statements of loss and comprehensive loss.

On May 14, 2021, 69,418 common shares with a fair value of $51,369 were issued to two consultants of the Company for services rendered. The consultants are related parties of the Company.

On May 14, 2021, 2,993 common shares with a fair value of $599 were issued to a consultant of the Company as a commission payment.

On April 16, 2021, 347,090 common shares with a fair value of $437,333 were issued to two consultants for services rendered. The consultants are related parties of the Company.

On March 22, 2021, pursuant to warrants exercised, the Company issued 666,667 common shares of the Company at $0.15 per share for gross proceeds of $100,000.

On March 22, 2021, pursuant to warrants exercised, the Company issued 1,000,000 common shares of the Company at $0.075 per share for gross proceeds of $75,000.

16. Share capital (continued)

On March 15, 2021, as a concurrent private placement to the Transaction, the Company issued 2,500,000 common shares of the Company at $0.20 per share for gross proceeds of $500,000.

On March 15, 2021, pursuant to the closing of the Transaction, the Company issued 995,248 common shares of the Company to the shareholders of RBI at a fair value of $0.51 per share for total fair value of $507,576. The Company issued 2,000,000 common shares of the Company to the finder of the Transaction at a fair value of $0.51 per share for total fair value of $1,020,000.

On March 2, 2021, the Company issued 750,000 common shares of the Company at $0.20 per share for gross proceeds of $150,000.

On February 17, 2021, Company issued 4,375,000 common shares of the Company at $0.20 per share for gross proceeds of $875,000.

On February 8, 2021, Company issued 1,450,000 common shares of the Company at $0.20 per share for gross proceeds of $290,000.

On February 8, 2021, the Company issued 2,441,820 common shares at a fair value of $508,696 pursuant to Nevatronix's exercise of the conversion feature per the convertible promissory note. As a result, $94,481 was reclassified from reserves to share capital.

On January 28, 2021, the Company issued 1,000,000 common shares of the Company at $0.20 per share for a total value of $200,000 to Nevatronix for the purchase of inventories. The transaction resulted in the settlement of a previous inventory purchase resulting in a loss on debt settlement of $34,224. The Company initially recognized $132,132 as a deposit for future inventory but was later found to be impaired. The impairment charge of $132,132 is included in inventory impairment for the six months ended December 31, 2021.

On January 27, 2021, the Company issued 2,025,000 common shares of the Company at $0.20 per share for gross proceeds of $405,000.

On January 13, 2021, pursuant to warrants exercised, the Company issued 666,666 common shares of the Company at $0.15 per share for gross proceeds of $100,000.

On November 10, 2020, the Company issued 14,530,000 common shares of the Company at $0.20 per share for gross proceeds of $2,906,000.

On July 31, 2020, in relation to a legal settlement, 766,667 common shares were returned to treasury as part of the settlement. The common shares were returned to treasury at $nil value.

During the year ended June 30, 2021, the Company had a contractual obligation to pay $300,000 to a finder to raise a total of $3,000,000 in share capital. At June 30, 2020, $2,000,000 of this amount was raised by the finder for which the Company recognized $200,000 in deferred share issuance costs and an associated accrued liability. During the year ended June 30, 2021, the finder completed their obligation in raising a minimum of $3,000,000. The Company reallocated $200,000 from deferred share issuance costs to share issuance costs and recognized an additional $100,000 in share issuance costs for a total of $300,000 in share issuance costs.

In connection with the private placements, the Company incurred share issuance costs of $26,346 relating to legal, professional services and finder's fees.

(c) Escrow and voluntary pooling shares

In connection with the Transaction, 33,467,665 common shares of the Company were subject to a voluntary pooling agreement and 32,967,665 common shares were held in escrow. From the date of the Transaction to March 31, 2022, the Company released 13,187,066 shares from escrow and as at March 31, 2022, has a total of 19,780,599 shares held in escrow and 22,375,686 common shares subject to the voluntary pooling agreement.

In relation to the Illuria Acquisition, 9,198,000 common shares of the Company were subject to a pooling agreement. As at March 31, 2022, 8,278,200 common shares were subject to the terms of the pooling agreement.

(Expressed in Canadian dollars, except where noted) - Unaudited

16. Share capital (continued)

In relation to a debt settlement agreement with INEX dated February 25, 2022, 1,000,000 common shares issued to INEX relating to the December 31, 2021 private placement and 1,800,000 common shares issued for debt settlement (note 13, 14, and 15) were subject to a voluntary hold period imposing certain trading restrictions. As at March 31, 2022, 2,800,000 common shares were subject to the terms of the voluntary hold period.

(d) Share options

A summary of share option activity is as follows:

	Granted (not issued)	**Issued**	**Weighted average exercise price**
	#	#	$
Granted (not issued), June 30, 2020	1,749,999	-	-
Cancelled	(1,099,999)	-	-
Issued (1)	(650,000)	650,000	0.57
Issued	-	500,000	0.57
Issued	-	1,900,000	0.95
Outstanding, June 30, 2021	-	3,050,000	0.81
Issued	-	500,000	0.30
Cancelled	-	(500,000)	0.95
Outstanding, March 31, 2022	**-**	**3,050,000**	**0.70**

(1) Prior to the Transaction, the Company granted, but had not issued, 1,749,999 share options, of which 1,099,999 were cancelled. Upon the closing of the Transaction, the Company issued the remaining 650,000 share options. Subsequent to the Transaction, 2,400,000 share options were granted and issued for a total of 3,050,000 share options outstanding as at June 30, 2021 and March 31, 2022.

On February 25, 2022, pursuant to the debt settlement agreement with INEX, the Company granted 500,000 share options to an officer of the Company with an exercise price of $0.30 and an expiry date of February 25, 2024. In addition, on March 27, 2022, the Company cancelled 500,000 share options to an officer of the Company with a $0.95 exercise price and original expiry date of March 31, 2026. In connection with the cancelled options, the Company reversed $69,804 in share-based compensation related to the unvested options.

As at March 31, 2022, the Company had the following share options outstanding and exercisable:

Expiry date	**Number of options outstanding**	**Number of options exercisable**	**Weighted-average exercise price**	**Weighted-average remaining life**
	#	#	$	Years
March 31, 2024	500,000	500,000	0.30	1.90
March 15, 2026	1,150,000	550,000	0.57	3.96
March 22, 2026	1,400,000	875,000	0.95	3.98
Outstanding, March 31, 2022	**3,050,000**	**1,925,000**	**0.70**	**3.63**

During the three and nine months ended March 31, 2022, the Company recorded share-based compensation expense for share options vested of $154,819 and $715,105, respectively (2021 - $326,307 and $326,307, respectively). The fair value at the grant date was determined using the Black Scholes option pricing model. The weighted-average assumptions used in the option-pricing model were as follows:

	2022
Risk-free interest rate	0.99% - 2.17%
Expected life	2 - 5 years
Expected volatility	100%
Forfeiture rate	0.00%
Dividend rate	0.00%

(Expressed in Canadian dollars, except where noted) - Unaudited

16. Share capital (continued)

(e) Warrants

A summary of share purchase warrant activity is as follows:

	Warrants outstanding	**Weighted-average exercise price**
	#	$
Balance, June 30, 2021	5,017,499	0.10
Exercised	(2,333,333)	(0.12)
Granted	1,000,000	0.20
Granted (Special Warrants)	10,000,000	0.50
Balance, June 30, 2021	13,684,166	0.39
Expired	**(2,684,166)**	0.08
Granted	**6,925,000**	0.25
Balance, March 31, 2022	**17,925,000**	**0.39**

As at March 31, 2022, the Company had the following warrants outstanding:

Expiry date	**Warrants outstanding**	**Weighted-average exercise price**	**Weighted-average remaining life**
	#	$	Years
March 15, 2023	1,000,000	0.20	0.96
May 3, 2023	10,000,000	0.50	1.09
June 30, 2023 (note 12)	4,795,000	0.25	1.25
September 14, 2023 (note 12)	2,130,000	0.25	1.46
Balance, March 31, 2022	**17,925,000**	**0.39**	**1.17**

On August 15, 2020, the Company's board of directors extended the expiry date of 3,666,666 warrants to August 31, 2021 (previously August 31, 2020), 17,500 warrants to October 15, 2021 (previously October 15, 2020), and 1,333,333 warrants to October 18, 2021 (previously October 18, 2020). Of the 3,666,666 warrants with an expiration date of August 31, 2021, 1,000,000 warrants were exercised on March 22, 2021, and 2,666,666 warrants expired unexercised. Of the warrants expiring on October 18, 2021, 666,666 were exercised on January 13, 2021, and 666,667 were exercised on March 22, 2021.

On March 15, 2021, as part of the consideration in the Transaction, the Company granted 1,000,000 finder warrants with an exercise price of $0.20, and an expiration date of March 15, 2023. The warrants had a fair value of $370,444 (note 4) which was recorded as an increase to the reserves

On October 15, 2021, 17,500 warrant`s with an exercise price of $0.20 per warrant expired unexercised.

The fair value of the 1,000,000 finder warrants on the issuance date was determined using the Black Scholes option pricing model. The weighted-average assumption used in the option-pricing model are as follows:

	March 31, 2022	June 30, 2021
Risk-free interest rate	**1.25%**	0.23%
Expected life	**2 years**	2 years
Expected volatility	**100%**	100%
Forfeiture rate	**0.00%**	0.00%
Dividend rate	**0.00%**	0.00%

On May 3, 2021, the Company completed a non-brokered private placement of 10,000,000 warrants at a price of $0.05 per warrant for gross proceeds of $500,000 (each a "Special Warrant"). Each Special Warrant is exercisable into units of the Company consisting of one common share and one common share purchase warrant (each a "Unit") at an exercise price of $0.50 per Unit for a period of two years (subject to acceleration if the weighted average trading price of the Company's shares is at or exceeding $1.20 for any five consecutive trading days) from May 3, 2021.

Each common share purchase warrant is exercisable into one common share of Company at an exercise price of $0.70 for a period of two years (subject to acceleration if the weighted average trading price of the Company's share is at or exceeds $1.40 for any five consecutive trading days) from May 3, 2021.

(Expressed in Canadian dollars, except where noted) - Unaudited

17. Technology development

Technology development costs are expenditures made by the Company for the research and development of its Health Shield product, cyber security software and potential new technologies and products. The following table summarizes cumulative technology development costs to March 31, 2022 and June 30, 2021:

	March 31, 2022	June 30, 2021
	$	$
Opening balance of cumulative spend	**3,291,592**	1,632,663
Illuria Acquisition (note 5)	**1,633,538**	-
Technology development expenditures in the period	**385,508**	1,658,929
Ending balance of cumulative spend	**5,310,638**	3,291,592

On December 21, 2021, the Company entered into a software development agreement with Caza, LLC ("Caza"), a related party due to common directorship with Illuria, for further back-end design, development, testing, and assistance in bringing the cyber security technology to market. An initial fee of $252,446 (USD $200,000) was paid upon signing the agreement.

Pursuant to the agreement, upon the Company's satisfaction and acceptance of deliverables, the Company agreed to pay to Caza development fees according to the following schedule:

- USD $250,000 on February 1, 2022 ($130,204 (USD$101,000) paid as at March 31, 2022);
- USD $200,000 on May 1, 2022;
- USD $200,000 on August 1, 2022; and
- USD $50,000 on December 6, 2022.

In addition, the Company agreed to issue up to 25,000,000 common shares of the Company to Caza, upon the achievement of certain milestone bonuses, following the first occurrence of certain milestone events:

- 10,000,000 common shares upon net sales equal or exceed $5,000,000 in a calendar year;
- 10,000,000 common shares upon net sales equal or exceed $15,000,000 in a calendar year; and
- 5,000,000 common shares upon the Company reaches $500,000,000 market capitalization or the Company is acquired.

Each milestone bonus is payable only once, no milestone bonus shall be payable for subsequent or repeated achievements of such milestone with respect to one or more of the same or different products, in the event two or more milestones are achieved at the same time, the milestone bonus for both milestone events shall be due, and no more than 25,000,000 common shares of Tevano shall be payable to Caza.

18. Related party transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three and nine months ended March 31, 2022 and 2021, the Company had the following transactions with key management personnel:

	Three months ended March 31,		Nine months ended March 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Consulting fees	**104,111**	290,114	**333,976**	492,386
Salaries	**-**	-	**-**	11,114
Share-based compensation	**132,482**	224,055	**611,800**	224,055
Commission paid to an officer	**-**	4,050	**-**	4,050
Technology development	**315,208**	175,649	**567,654**	553,383
Total	**551,801**	693,868	**1,513,430**	1,284,988

(Expressed in Canadian dollars, except where noted) - Unaudited

18. Related party transactions (continued)

Amounts due to related parties as at March 31, 2022 and June 30, 2021, were as follows:

	March 31, 2022	June 30, 2021
	$	$
Accounts payable and accrued liabilities (note 9)	**160,016**	244,319
Convertible promissory note (note 13)	**-**	154,128
Convertible note (note 14)	**-**	461,874
Promissory note (note 15)	**100,000**	525,113
Shareholder's loan	**30,000**	-
Total	**290,016**	1,385,434

On March 2, 2022, the Company issued a loan to a shareholder in the amount of $5,500. The loan is non-interesting bearing and due on demand.

Accounts payable and accrued liabilities and shareholder loan due to related parties are for ongoing corporate overhead costs and are non-interest bearing, due on demand. The convertible promissory note, convertible note, and promissory note are all with INEX, a related party due to common directorship.

19. Financial instruments and risk management

Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

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 (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3: Inputs that are not based on observable market data.

As at March 31, 2022, the Company had no financial assets measured at fair value. The warrant liability is a level 3 financial liability measured using a Black-Scholes option pricing model using observable market inputs and management's best estimate of the proportion of warrant holders that may exercise at each exercise option.

The carrying values of cash, receivables, loan to shareholder, accounts payable and accrued liabilities, and shareholder loan approximate their respective fair values due to the short-term nature of these instruments.

Risk management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. As at March 31, 2022, the Company expects to recover the full amount of cash.

Receivables primarily consists of sales tax recoverable (GST) from the Canadian Revenue Agency. The maximum credit risk exposure associated with cash is limited to the total carrying value.

19. Financial instruments and risk management (continued)

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a cash balance of $50,161 (June 30, 2021 - $677,976) to settle current liabilities of $898,890 (June 30, 2021 - $1,210,176). All of the Company's financial liabilities (except the convertible promissory note, convertible note, warranty liability, and promissory note) have contractual maturities of less than 90 days and are subject to normal trade terms.

(c) Market risk

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

Foreign currency risk

The Company's functional currency is the Canadian dollar, and its subsidiary's functional currency is the United States dollar. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash, trade payables, convertible note, promissory note, and convertible promissory note) denominated in US dollars. The table below summarizes the net monetary assets and liabilities held in foreign currencies, expressed in Canadian dollars:

	March 31, 2022	June 30, 2021
	$	$
US dollar monetary assets	**23,155**	42,033
US dollar liabilities	**(368,733)**	(1,196,184)
US dollar net liabilities	**(345,578)**	(1,154,151)

As at March 31, 2022, Management has determined the Company's exposure to foreign currency risk to be at an acceptable level.

Interest rate risk

The Company has sufficient cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy. Management has determined interest rate risk to be low.

20. Capital risk management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital and deficit, in the definition of capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the period, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from the treasury to meet all such obligations. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars, except where noted) - Unaudited

21. Commitments

A summary of undiscounted liabilities and future operating commitments as at March 31, 2022, are as follows:

	Total	Within 1 year	2 - 5 years
	$	$	$
Accounts payables and accrued liabilities	**841,294**	841,294	-
Lease payments on short-term lease	**60,486**	60,486	-
Promissory note	**100,000**	-	100,000
Shareholder loan	**30,000**	30,000	-
Software development agreement	**748,510**	748,510	-
Total financial liabilities and commitments	**1,780,290**	1,680,290	100,000

During the period ended March 31, 2022, the Company signed a new lease contract for its head office with contractual payments to December 31, 2022.

22. Segmented information

The Company's chief operating decision maker reviews the results of operations as one reportable segment. For all periods presented in these consolidated financial statements, the Company has one reporting segment. The Company's assets and operations are geographically located in Canada.

23. Events after the reporting period

Subsequent to period end, the Company received a subscription deposit of $100,000 relating to an on-going unit financing.

On April 30, 2022, 100,000 shares were released from the trading restrictions imposed by the voluntary period with INEX (note 16).

On May 19, 2022, 7,458,562 shares were released from the trading restrictions imposed by the voluntary pooling agreement (note 16).