TEVANO SYSTEMS HOLDINGS INC.

Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tevano Systems Holdings Inc.

Opinion

We have audited the consolidated financial statements of Tevano Systems Holdings Inc. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a net loss and negative cash flow from operations during the year ended June 30, 2022 and, as of that date, the Company has a working capital deficiency of $942,381 and an accumulated deficit of $17,317,378. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Company as at June 30, 2021 and for the year then ended, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 28, 2021.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lonny Wong.

/s/ SATURNA GROUP CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

October 31, 2022

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Financial Position
As at June 30, 2022 and 2021
(Expressed in Canadian dollars)

	Note	2022	2021
		$	$
ASSETS			
Current			
Cash		**6,187**	677,976
Inventory	6	**-**	132,528
Receivables	17	**19,606**	39,742
Prepaid expenses and deposits	7	**45,129**	728,357
Total current assets		**70,922**	1,578,603
Property and equipment	8	**3,952**	35,990
Total assets		**74,874**	1,614,593
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9,17	**881,128**	582,379
Lease liability	10	**-**	35,803
Derivative liabilities	11	**-**	591,994
Current portion of promissory note	14,17	**100,000**	-
Deferred revenue		**2,175**	-
Shareholder loan	17	**30,000**	-
Total current liabilities		**1,013,303**	1,210,176
Convertible promissory note	12, 17	**-**	154,128
Convertible note	13, 17	**-**	461,874
Promissory note	14, 17	**-**	525,113
Total liabilities		**1,013,303**	2,351,291
SHAREHOLDERS' DEFICIENCY			
Share capital	15	**13,622,023**	10,235,824
Reserves	15	**2,648,809**	1,846,049
Share subscription deposits	15	**100,000**	25,000
Accumulated other comprehensive income		**8,117**	35,901
Deficit		**(17,317,378)**	(12,879,472)
Total shareholders' deficiency		**(938,429)**	(736,698)
Total liabilities and shareholders' deficiency		**74,874**	1,614,593

Nature of operations (Note 1)
Commitments (Note 21)
Subsequent events (Note 23)

Approved and authorized for issue on behalf of the Board on October 31, 2022.

/s/ "David Bajwa"	*/s/ "John Benjamin Sawchuk"*
David Bajwa, CEO and Director	John Benjamin Sawchuk, Director

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2022 and 2021
(Expressed in Canadian dollars, except number of shares)

	Note	**2022**	2021
		$	$
Revenue		**11,845**	74,294
Cost of sales		**(54,879)**	(69,592)
Gross (loss) profit		**(43,034)**	4,702
Operating expenses			
Consulting fees		**429,353**	730,089
Depreciation	8	**32,038**	60,489
Exchange fees		**34,707**	33,394
Insurance		**147,836**	84,387
Investor relations		**287,905**	796,357
Marketing		**59,493**	281,294
Office		**88,493**	115,484
Professional fees		**723,776**	985,304
Provision for expected credit losses		**5,288**	-
Salaries		**-**	11,114
Share-based compensation	15	**802,760**	819,981
Rent		**40,479**	6,110
Technology development	5,16	**1,998,633**	1,658,929
Travel		**70,656**	128,522
Total operating expenses		**4,721,417**	5,711,454
Loss from operations		**(4,764,451)**	(5,706,752)
Accretion	12,13,14	**(195,171)**	(131,868)
Foreign exchange (gain) loss		**14,517**	(83,282)
Gain on debt settlement	9,14	**28,424**	99,677
Gain on change in fair value of derivative liabilities	11	**591,994**	27,209
Gain on debt modification	12	**-**	80,204
Gain on shares returned to treasury	15	**244,351**	-
Impairment of prepaid deposit		**(231,047)**	-
Interest on lease liability	10	**(2,387)**	(9,309)
Inventory impairment	6	**(131,648)**	(657,941)
Listing expense	4	**-**	(2,312,988)
Other income		**7,512**	31,560
Net loss		**(4,437,906)**	(8,663,490)
Foreign currency translation adjustment		**(27,784)**	40,693
Comprehensive loss		**(4,465,690)**	(8,622,797)
Net loss per share			
Basic and diluted		**(0.18)**	(0.52)
Weighted average number of common shares outstanding			
Basic and diluted		**24,397,650**	16,526,057

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Operating Activities		
Net loss	**(4,437,906)**	(8,663,490)
Adjustments to non-cash items:		
Depreciation	**32,038**	60,489
Provision for expected credit losses	**5,288**	-
Shares issued for services	**-**	489,301
Share-based compensation	**802,760**	819,981
Technology development	**1,633,538**	1,170,519
Accretion	**195,171**	131,868
Foreign exchange loss	**-**	10,697
Gain on debt settlement	**(28,424)**	(99,677)
Gain on change in fair value of derivative liabilities	**(591,994)**	(27,209)
Gain on debt modification	**-**	(80,204)
Gain on shares returned to treasury	**(244,351)**	(244,351)
Impairment of prepaid deposit	**231,047**	-
Interest on lease liability	**2,387**	9,309
Inventory impairment	**131,648**	657,941
Listing expense	**-**	2,312,988
Changes in non-cash working capital items:		
Inventory	**880**	(132,528)
Deposit	**-**	15,000
Receivables	**14,848**	(8,060)
Prepaid expenses and deposits	**452,181**	(712,234)
Accounts payable and accrued liabilities	**388,639**	(1,095,500)
Deferred revenue	**2,175**	-
Cash used in operating activities	**(1,410,075)**	(5,385,160)
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
Special warrants issued for cash	**-**	500,000
Warrants exercised	**-**	275,000
Shareholder loan	**30,000**	-
Share subscription deposits	**100,000**	-
Share issue costs	**(3,740)**	(126,346)
Lease payments	**(38,190)**	(66,548)
Cash provided by financing activities	**766,070**	3,679,606
Effect of foreign exchange on cash	**(27,784)**	40,693
Change in cash during the year	**(671,789)**	(1,659,580)
Cash, beginning of year	**677,976**	2,337,556
Cash, end of year	**6,187**	677,976

Supplemental cash flow information:

For the years ended June 30, 2022 and 2021 there was no cash interest, and no income taxes paid.

During the year ended June 30, 2022 the Company had the following non-cash transactions:

- The Company issued 35,714 common shares pursuant to a private placement for which the cash was received in the form of a share subscription deposit in the year ended June 30, 2021.
- The Company had 59,501 common shares returned to treasury resulting in a gain on shares returned to treasury of $244,351.
- The Company issued 3,142,850 common shares at a fair value of $1,595,000 relating to the acquisition of Illuria Security Inc.
- The Company issued 514,286 common shares at a fair value of $1,336,290 as part of a debt settlement agreement with INEX to settle the convertible promissory note, convertible note and promissory note.
- The Company issued 41,429 common shares with a fair value of $21,750 to finders of a private placement.
- The Company settled amounts with creditors resulting in a non-cash gain of $51,942 and a non-cash loss of $23,518, resulting in a net gain on debt settlement of $28,424.

During the year ended June 30, 2021, the Company had the following non-cash transactions:

- The Company issued 285,714 common shares at $0.70 per share for the settlement of accounts payable resulting in a loss on debt settlement of $34,224.
- The Company settled accounts payable with consultants, resulting in a gain on debt settlement of $133,901.
- The Company issued 697,663 common shares at a fair value of $508,696 upon conversion of a convertible note.
- The Company issued 284,357 common shares at a fair value of $507,576 and 285,714 warrants at a fair value of $370,444 relating to the Transaction (Note 4).

TEVANO SYSTEMS HOLDINGS INC.
Consolidated Statements of Shareholders' Deficiency
(Expressed in Canadian dollars, except numbers of shares)

	Number of common shares	Issued capital	Reserves	Share subscription deposits	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' deficiency
	#	$	$	$	$	$	$
Balance, June 30, 2020	12,067,856	2,679,948	250,106	2,028,500	(4,792)	(4,215,982)	737,780
Shares issued - private placement	7,322,857	5,126,000	-	(2,028,500)	-	-	3,097,500
Shares returned to treasury	(278,549)	(244,351)	-	-	-	-	(244,351)
Shares issued in the Transaction (Note 4)	284,357	507,576	-	-	-	-	507,576
Warrants exercised	666,666	275,000	-	-	-	-	275,000
Shares issued as finder's fee	571,429	1,020,000	-	-	-	-	1,020,000
Warrants issued as part the Transaction (Note 4)	-	-	370,444	-	-	-	370,444
Special Warrants issued - private placement	-	-	500,000	-	-	-	500,000
Shares issued for services	119,858	489,301	-	-	-	-	489,301
Share issue costs	-	(326,346)	-	-	-	-	(326,346)
Share subscription deposits	-	-	-	25,000	-	-	25,000
Share-based compensation	-	-	819,980	-	-	-	819,980
Debt settlement with shares	285,714	200,000	-	-	-	-	200,000
Conversion of convertible promissory note	697,663	508,696	(94,481)	-	-	-	414,215
Foreign currency translation adjustment	-	-	-	-	40,693	-	40,693
Net loss for the year	-	-	-	-	-	(8,663,490)	(8,663,490)
Balance, June 30, 2021	21,737,851	10,235,824	1,846,049	25,000	35,901	(12,879,472)	(736,698)
Shares issued - private placement	35,714	25,000	-	(25,000)	-	-	-
Shares returned to treasury	(59,501)	(244,351)	-	-	-	-	(244,351)
Shares issued for Illuria acquisition	3,142,850	1,595,000	-	-	-	-	1,595,000
Shares issued for debt settlement	514,286	1,336,290	-	-	-	-	1,336,290
Units issued - private placement	1,937,142	678,000	-	-	-	-	678,000
Finder's units - private placement	41,429	-	-	-	-	-	-
Share issue costs	-	(3,740)	-	-	-	-	(3,740)
Share subscription deposits	-	-	-	100,000	-	-	100,000
Share-based compensation	-	-	802,760	-	-	-	802,760
Foreign currency translation adjustment	-	-	-	-	(27,784)	-	(27,784)
Net loss for the year	-	-	-	-	-	(4,437,906)	(4,437,906)
Balance, June 30, 2022	**27,349,771**	**13,622,023**	**2,648,809**	**100,000**	**8,117**	**(17,317,378)**	**(938,429)**

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

1. Nature of operations

Tevano Systems Holdings Inc. (the “Company”) 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 was arm’s length to RBI.

Effective March 15, 2021, the Transaction closed whereby Tevano issued 284,357 common shares, on a post-consolidation basis, to RBI’s shareholders (Note 4). Additionally, Tevano issued 571,429 common shares, 285,714 warrants, and $200,000 to an arm’s length finder that facilitated the Transaction, on a post-consolidation basis. 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 RBI is treated as the accounting acquiree (legal parent) in these 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.

Share consolidation

On June 13, 2022, the Company completed a consolidation of its common shares on a three and one-half (3.5) to one (1) basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

Going concern

These consolidated financial statements (“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 June 30, 2022, the Company had a working capital deficiency of $942,381 (June 30, 2021 - working capital of $368,427), has not yet achieved profitable operations, and has an accumulated deficit of $17,317,378 (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 consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

1. Nature of operations (continued)

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 consolidated financial statements were approved and authorized for issuance on October 28, 2022 by the directors of the Company.

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

Basis of measurement

These consolidated 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 below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

Principles of consolidation

These consolidated 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 consolidated 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 ("US") as its functional currency.

3. Significant accounting policies

Critical accounting estimates, judgments, and assumptions

The preparation of the Company's consolidated 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.

3. Significant accounting policies (continued)

Provisions

Provisions recognized in the consolidated financial statements involve judgements on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cashflows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

Estimated useful life, depreciation, and amortization

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment or amortization of intangibles for any period are affected by these estimated useful lives. The estimates are reviewed annually and updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

Share-based compensation

The Company determines the fair value of share-based compensation granted using the Black Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility, and expected life of the option. Changes in these inputs and underlying assumption used to develop them can materially affect the fair value estimate.

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Derivative liabilities

Derivative liabilities are initially measured at fair value using the Black-Scholes option pricing model using observable market data at the date of grant. The Black-Scholes option pricing model utilizes certain 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. Warrant and derivative liabilities are re-measured at their fair value at each reporting period end.

Derivative liabilities associated with the conversion features of the convertible promissory note and convertible note are re-measured on such date that the conversion feature is exercised. Upon exercise of a conversion feature, the fair value of the derivative liability and the carrying value of the debt are de-recognized and are allocated to equity.

Deferred income tax

The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on expected patient visits in future periods, which are internally developed and reviewed by management.

Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

3. Significant accounting policies (continued)

Significant accounting policies

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the Company's business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

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

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to the consolidated statement of loss and comprehensive loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets carried at amortized cost include cash and receivables.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss. The conversion features of the convertible promissory note and convertible note are included within derivative liabilities and are measured at FVTPL.

Amortized cost - This category includes accounts payables, promissory note, shareholder loan, convertible promissory note and convertible note. These liabilities are measured at amortized cost using the effective interest rate method.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual value method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

(Expressed in Canadian dollars, except where noted)

3. Significant accounting policies (continued)

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Right-of-use assets	1-3 years straight line over the lease term

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

Revenue and other income

IFRS 15 *Revenue from contracts with customers* ("IFRS 15") specifies how and when to recognize revenue, based on a five-step model, and enhances relevant disclosures to be applied to all contracts with customers. To recognize revenue under IFRS 15, the Company applies the following five steps:

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

For the year ended June 30, 2022, the Company has earned revenue through the sales of its Health Shield product and cloud storage service. The Company considers its performance obligation with customers to have been satisfied once shipment of the Health Shield product to customers has been completed.

For the year ended June 30, 2022, the Company has earned incidental revenue from commission through a partnership with a payment processing company. This commission was generated based on the number of purchase transactions made through Company-owned kiosks in dispensaries. The total incidental income for the year ended June 30, 2022 was $7,512 (2021 - $31,560).

The Company does not provide a warranty on sales of its products and as such does not record a warranty provision.

Technology development

Research costs are expensed in the year incurred. Development costs include all expenditures considered directly attributable to efforts by the Company to develop, and bring to commercial production, a new product. Such amounts are charged as an expense in the period incurred, except in circumstances where the product or process is clearly defined and the costs attributable thereto can be identified, the technical feasibility has been established, management has indicated its intention to produce and market the product, the future market is clearly defined, adequate resources are available, and recovery of development costs can reasonably be regarded as assured, in which case such costs are capitalized. For the years ended June 30, 2022 and 2021, software research and development costs were expensed.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed at which time they are reclassified as share issuance costs. If an expected financing arrangement does not close, any deferred costs are reclassified as an expense.

Share-based compensation

The Company applies the fair value method of accounting for share option awards using the Black-Scholes option pricing model. Under this method, the Company recognizes compensation expense for employee share option awards, based on the grant date fair value, for each vesting instalment, over the vesting period. Each instalment is valued separately, based on assumptions determined from historical reference and recognized as compensation expense over each instalment's individual tranche vesting period, which results in a corresponding increase in equity (reserves). Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods.

3. Significant accounting policies (continued)

In situations where share option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified or the fair value be reliably measured, they are measured at the fair value of the share option award. Otherwise, share-based payments are measured at the fair value of goods or services received.

Upon the exercise of share options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of loss and comprehensive loss in the respective period that the substantive enactment or enactment occurs. Deferred tax assets are recognized only to the extent it is probable that future taxable profits will be available against which the asset can be utilized.

Leases

i. Identifying whether a contract includes a lease

IFRS 16 Leases applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

ii. Incremental borrowing rate

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

iii. Estimate of lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

3. Significant accounting policies (continued)

Per share amounts

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of share options and warrants are used to repurchase common shares at the prevailing market rate. As at June 30, 2022, the potential fully diluted number of common shares is 35,135,483.

The Company's diluted earnings (loss) per share is equal to the basic earnings (loss) per share as the outstanding options, convertible promissory note, convertible note, promissory note, and warrants are anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Foreign Currencies

i. Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates.* The functional currency of the Company and its subsidiaries is included within Note 2.

ii. Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historic rates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statements of loss and comprehensive loss.

iii. Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the period. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the foreign operation to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment.

Recent accounting pronouncements

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures.

(Expressed in Canadian dollars, except where noted)

4. Reverse takeover

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

- Tevano issued 284,357 common shares to RBI's shareholders at fair value of $507,576 ($1.785 per share).
- Tevano issued 571,429 common shares as finder's fees at fair value of $1,020,000 ($1.785 per share).
- Tevano issued 285,714 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 $0.70 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 7,322,857 common shares for gross proceeds of $5,126,000 (Note 15).

	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 June 30, 2022, the loan from Tevano is reclassified as an intercompany loan and is eliminated on consolidation.

5. Acquisition of Illura Security Inc.

On December 17, 2021, Tevano acquired a 100% ownership interest in Illuria Security Inc. ("Illuria"), a cyber security technology development company, for 2,857,136 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 285,714 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 2,857,136 shares issued to the Illuria shareholders and 285,714 shares issued to the finders valued at the closing market price of Tevano's stock on December 17, 2021 of $0.5075 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)

5. Acquisition of Illuria Security Inc. (continued)

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

	December 17, 2022
	$
Purchase price:	
Fair value of the Company's common shares (2,857,136 shares)	1,450,000
Fair value of the Company's common shares (285,714 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 June 30, 2022 inventory comprised of tablet computers of $nil (2021 - $132,528).

During the year ended June 30, 2022, the Company recognized a provision for impairment of inventory of $131,648, which resulted from inventory being adjusted to its estimated net realizable value (2021 - $657,941, of which $8,266 resulted from physical damage, and $649,675 resulted from inventory being adjusted to its estimated net realizable value).

7. Prepaid expenses and deposits

	2022	2021
	$	$
Legal and professional retainers	**26,066**	165,237
Consulting fees	**5,450**	-
Marketing and investor relations	**431**	212,125
Security deposit - lease	**11,633**	11,633
Insurance	**-**	106,135
Deposit on inventory development [1]	**-**	232,301
Other prepaid expenses	**1,549**	926
Total	**45,129**	728,357

[1] The deposit on inventory development was paid to Nevatronix LLC, a company controlled by a former director of Tevano.

(Expressed in Canadian dollars, except where noted)

8. Property and equipment

	Right-of-use assets	Computer hardware	Furniture, fixtures and equipment	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
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	**-**	**2,739**	**10,192**	**12,931**
Accumulated depreciation				
Balance, June 30, 2020	84,541	95	3,058	87,694
Depreciation	57,614	837	2,038	60,489
Balance, June 30, 2021	142,155	932	5,096	148,183
Depreciation	29,087	913	2,038	32,038
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	**-**	**1,845**	**7,134**	**8,979**
Net book value				
Balance, June 30, 2021	29,087	1,807	5,096	35,990
Balance, June 30, 2022	**-**	**894**	**3,058**	**3,952**

During the year ended June 30, 2022, the Company disposed of a right-of-use asset associated with the lease of the head office which had its lease term end on December 31, 2021 and was renewed as a short-term, low value lease.

9. Accounts payable and accrued liabilities

	2022	2021
	$	$
Trade payables	**734,897**	415,871
Technology development payable	**127,571**	74,035
Accrued liabilities	**18,660**	92,473
Total	**881,128**	582,379

During the year ended June 30, 2022, the Company recorded a net gain on debt settlement of $28,424 (2021 - $99,677) related to amounts settled with creditors.

The technology development cost payable balance at June 30, 2022 is due to related party vendors, Caza LLC for development of its Illuria platform. The technology development cost payable balance at June 30, 2021 was due to INEX USA Inc ("INEX"), for hardware engineering and development services related to the advancement and improvement of the Company's proprietary payment solution. Caza LLC and INEX are related parties due to common directorship.

(Expressed in Canadian dollars, except where noted)

10. Lease liability

	2022	2021
	$	$
Balance, beginning of year	**35,803**	91,806
Additions	**-**	1,236
Interest expense	**2,387**	9,309
Lease payments	**(38,190)**	(66,548)
Balance, end of year	**-**	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 lease.

11. Derivative liabilities

	2022	2021
	$	$
Balance, beginning of year	**591,994**	-
Issuance of INEX convertible promissory note (Note 12)	**-**	143,421
Issuance of INEX convertible note (Note 13)	**-**	475,782
Gain on change in fair value of derivative liabilities	**(591,994)**	(27,209)
Balance, end of year	**-**	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 514,286 common shares of the Company (Note 15). As a result of the settlement, the conversion feature was deemed expired. For the year ended June 30, 2022, gain on change in fair value of derivative liabilities was $591,994 (2021 - $27,209).

Convertible promissory note

Upon the issuance of the INEX convertible promissory note (Note 12), 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%

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability for the year ended June 30, 2022 of $116,963 (2021 - $26,458).

Convertible note

Upon the issuance of the convertible 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 $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)

11. Derivative liabilities (continued)

As a result of the change in fair value, the Company recognized a gain on change in fair value of derivative liability for the year ended June 30, 2022 of $475,031 (2021 - $751).

12. Convertible promissory note

	2022	2021
	$	$
Balance, beginning of year	**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 year	**-**	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 $0.35 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 $0.70 per share and on February 8, 2021, Nevatronix exercised its conversion right and converted the note for an aggregate of 697,663 common shares (Note 15).

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) $0.70 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 13), and promissory note (Note 14) were settled for 514,286 common shares (Note 15).

13. Convertible note

	June 30, 2022	June 30, 2021
	$	$
Balance, beginning of year	**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 year	**-**	461,874

On May 19, 2021, the Company issued a convertible note of $907,500 (US$750,000) to INEX 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 was 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 12), convertible note, and promissory note (Note 14) were settled for 514,286 common shares (Note 15).

14. Promissory note

	June 30, 2022	June 30, 2021
	$	$
Balance, beginning of year	**525,113**	486,600
Issuance of non-convertible promissory note	**100,000**	-
Accretion	**25,324**	38,513
Settlement of promissory note (Note 15)	**(550,437)**	-
Balance, end of year	**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) $0.105 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 12), convertible note (Note 13), and promissory note were settled for 1,800,000 common shares (Note 15).

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 (US$60,000) of trade payables to INEX (Note 9), resulting in a loss on settlement of debt of $23,518. 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.

15. Share capital

(a) Authorized:

Unlimited common shares without par value.

(b) Issued - common shares

During the year ended June 30, 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 514,286 common shares in settlement of its convertible promissory note (Note 12), convertible note (Note 13), and promissory note (Note 14). The debt amounts settled had an aggregate carrying amount on February 25, 2022 of $1,336,290, which has been recorded in share capital.

On March 14, 2022, the Company issued 608,571 private placement units at $0.35 per unit for 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 $0.70 for the period from March 14, 2022 to March 14, 2023 and an exercise price of $0.88 per share 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 $1.05 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 accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was $nil residual value allocated to the warrants.

On December 31, 2021, the Company closed a private placement for 1,328,571 units at $0.35 per unit for 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 $0.70 per share for the period from December 31, 2021 to December 31, 2022 and an exercise price of $0.88 per share 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 $1.05 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 accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was $nil residual value allocated to the warrants.

In connection with the December 31, 2021 private placement, the Company issued 41,429 units to finders with terms identical to those sold in the private placement. The common share component of the finder's units was valued at $0.525 per share which was the Company's closing share price on the date of the private placement. There was no residual value to allocate to the warrants. Total fair value of the finder's units was $21,750 and was recorded as a charge to share issuance costs and credit to share capital, resulting in $nil impact on share capital.

On December 17, 2021, pursuant to the closing of the Illuria Acquisition, the Company issued 2,857,136 common shares of the Company to the shareholders of Illuria at a fair value of $0.5075 per share, for total fair value of $1,450,000. The Company issued 285,714 common shares to the finder of the acquisition at a fair value of $0.5075 per share for total fair value of $145,000 (Note 5).

On August 26, 2021, in relation to the resignation of a consultant, 59,501 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 35,714 common shares at $0.70 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 the resignation of a consultant, 278,549 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, the Company issued 19,834 common shares with a fair value of $51,369 to two consultants of the Company for services rendered. The consultants are related parties of the Company.

15. Share capital (continued)

On May 14, 2021, the Company issued 855 common shares with a fair value of $599 to a consultant of the Company as a commission payment.

On April 16, 2021, the Company issued 99,169 common shares with a fair value of $437,333 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 190,476 common shares of the Company at $0.2625 per share for gross proceeds of $50,000.

On March 22, 2021, pursuant to warrants exercised, the Company issued 285,714 common shares of the Company at $0.2625 per share for gross proceeds of $75,000.

On March 15, 2021, as a concurrent private placement to the Transaction, the Company issued 714,286 common shares of the Company at $0.70 per share for gross proceeds of $500,000.

On March 15, 2021, pursuant to the closing of the Transaction, the Company issued 284,357 common shares of the Company to the shareholders of RBI at a fair value of $1.785 per share for total fair value of $507,576. The Company issued 571,429 common shares of the Company to the finder of the Transaction at a fair value of $0.70 per share for total fair value of $400,000.

On March 2, 2021, the Company issued 214,286 common shares of the Company at $0.70 per share for gross proceeds of $150,000.

On February 17, 2021, Company issued 1,250,000 common shares of the Company at $0.70 per share for gross proceeds of $875,000.

On February 8, 2021, Company issued 414,286 common shares of the Company at $0.70 per share for gross proceeds of $290,000.

On February 8, 2021, the Company issued 697,663 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 285,714 common shares of the Company at $0.70 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 578,571 common shares of the Company at $0.70 per share for gross proceeds of $405,000.

On January 13, 2021, pursuant to warrants exercised, the Company issued 190,476 common shares of the Company at $0.525 per share for gross proceeds of $100,000.

On November 10, 2020, the Company issued 4,151,428 common shares of the Company at $0.70 per share for gross proceeds of $2,906,000.

On July 31, 2020, in relation to a legal settlement, 219,048 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.

(Expressed in Canadian dollars, except where noted)

15. Share capital (continued)

(c) Escrow and voluntary pooling shares

In connection with the Transaction, 9,562,190 common shares of the Company were subject to a voluntary pooling agreement and 9,419,333 common shares were held in escrow. From the date of the Transaction to June 30, 2022, the Company released 3,767,733 shares from escrow and as at June 30, 2022, has a total of 5,651,600 shares held in escrow and 6,393,053 common shares subject to the voluntary pooling agreement.

In relation to the Illuria Acquisition, 2,627,993 common shares of the Company were subject to a pooling agreement. As at June 30, 2022, 2,010,415 common shares were subject to the terms of the pooling agreement.

In relation to a debt settlement agreement with INEX dated February 25, 2022, 285,714 common shares issued to INEX relating to the December 31, 2021 private placement and 514,286 common shares issued for debt settlement (Note 12, 13, and 14) were subject to a voluntary hold period imposing certain trading restrictions. As at June 30, 2022, 771,429 common shares were subject to the terms of the voluntary hold period.

(d) Share subscription deposit

At June 30, 2022, the Company had received $100,000 (2021 ($25m000) in cash proceeds pursuant to a private placement which had not closed at June 30, 2022. These funds will be allocated to share capital upon the close of the private placement.

(e) 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	500,000	-	-
Cancelled	(314,286)	-	-
Issued [(1)]	(185,714)	185,714	2.00
Issued	-	142,857	2.00
Issued	-	542,857	3.33
Outstanding, June 30, 2021	-	871,428	2.82
Issued	-	142,857	1.05
Cancelled	-	(142,857)	3.33
Outstanding, June 30, 2022	**-**	**871,428**	**2.45**

(1) Prior to the Transaction, the Company granted, but had not issued, 500,000 share options of which 314,286 were cancelled. Upon the closing of the Transaction, the Company issued the remaining 185,714 share options. Subsequent to the Transaction, 685,714 share options were granted and issued for a total of 871,429 share options outstanding as at June 30, 2021 and June 30, 2020.

On February 25, 2022, pursuant to the debt settlement agreement with INEX, the Company granted 142,857 share options to an officer of the Company with an exercise price of $1.05 and an expiry date of February 25, 2024. In addition, on March 27, 2022, the Company cancelled 142,857 share options to an officer of the Company with a $3.33 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.

(Expressed in Canadian dollars, except where noted)

15. Share capital (continued)

As at June 30, 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
August 15, 2022	142,857	142,857	2.00	0.13
February 24, 2024	142,857	142,857	1.05	1.65
March 19, 2026	185,714	99,999	2.00	3.72
March 22, 2026	400,000	300,000	3.33	3.73
Outstanding, June 30, 2022	**871,428**	**685,713**	**2.45**	**2.54**

During the year ended June 30, 2022, the Company recorded share-based compensation expense for share options vested of $802,760 (2021 - $819,981). The following are the assumptions used for the Black-Scholes option pricing model valuation of share options granted during the years ended June 30, 2022 and 2021.

	2022	2021
Risk-free interest rate	1.53%	0.99% - 1.45%
Expected life	2 years	2 - 5 years
Expected volatility	161%	100%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

(f) Warrants

A summary of share purchase warrant activity is as follows:

	Warrants outstanding	Weighted-average exercise price
	#	$
Balance, June 30, 2020	1,433,570	0.33
Exercised	(666,666)	0.41
Granted	285,714	0.70
Granted (Special Warrants)	2,857,143	1.75
Balance, June 30, 2021	3,909,761	1.38
Expired	(766,904)	0.27
Granted	1,978,571	0.88
Balance, June 30, 2022	**5,121,428**	**1.36**

As at June 30, 2022, the Company had the following warrants outstanding:

Expiry date	Warrants outstanding	Weighted-average exercise price	Weighted-average remaining life
	#	$	Years
March 15, 2023	285,714	0.70	0.71
May 3, 2023	2,857,143	1.75	0.84
June 30, 2023	1,370,000	0.88	1.00
September 14, 2023	608,571	0.88	1.21
Balance, June 30, 2022	**5,121,428**	**1.36**	**0.92**

(Expressed in Canadian dollars, except where noted)

15. Share capital (continued)

On March 15, 2021, as part of the consideration in the Transaction, the Company granted 285,714 finder's warrants with an exercise price of $0.70 per share, 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 reserves.

On October 15, 2021, 5,000 warrants with an exercise price of $0.70 per warrant expired unexercised.

The fair value of the 285,714 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:

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

On May 3, 2021, the Company completed a non-brokered private placement of 2,857,143 warrants at a price of $0.175 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 $1.75 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 $4.20 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 $2.45 per share for a period of two years (subject to acceleration if the weighted average trading price of the Company's share is at or exceeds $4.90 for any five consecutive trading days) from May 3, 2021.

16. 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 June 30, 2022 and 2021:

	June 30, 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	**365,095**	1,658,929
Ending balance of cumulative spend	**5,290,225**	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 (US$200,000) was paid upon signing the agreement.

Pursuant to an amended agreement on June 28, 2022, upon the Company's satisfaction and acceptance of deliverables, the Company agreed to pay to Caza development fees according to the following schedule:

- US$200,000 on July 1, 2022 (paid $130,204 or US$101,000 as at June 30, 2022);
- US$200,000 on October 1, 2022;
- US$200,000 on January 1, 2023; and
- US$100,000 on April 1, 2023.

(Expressed in Canadian dollars, except where noted)

16. Technology development (continued)

In addition, the Company agreed to issue up to 7,142,857 common shares of the Company to Caza, upon the achievement of certain milestone bonuses, following the first occurrence of certain milestone events:

- 2,857,143 common shares upon net sales equal or exceed $5,000,000 in a calendar year;
- 2,857,143 common shares upon net sales equal or exceed $15,000,000 in a calendar year; and
- 1,428,571 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 7,142,857 common shares of Tevano shall be payable to Caza.

Subsequent to the year ended June 30, 2022, the Company terminated the software development agreement with Caza (Note 23)

17. 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 years ended June 30, 2022 and 2021, the Company had the following transactions with key management personnel:

	2022	2021
	$	$
Consulting fees paid to officers and directors	**417,853**	756,733
Consulting fees and salaries paid to a former officer	**-**	11,017
Share-based compensation paid to officers and directors	**684,338**	641,028
Commissions paid as part of cost of sales	**-**	5,240
Technology development costs incurred with related parties [1]	**508,938**	1,574,175
Total	**1,611,129**	2,988,193

[1] Related parties include INEX and Caza

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

	June 30, 2022	June 30, 2021
	$	$
Accounts payable and accrued liabilities (Note 9)	**213,533**	244,319
Convertible promissory note (Note 12)	**-**	154,128
Convertible note (Note 13)	**-**	461,874
Promissory note (Note 14)	**-**	525,113
Shareholder loan	**30,000**	-
Total	**243,533**	1,385,434

Accounts payable and accrued liabilities and shareholder loan due to related parties relate to 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.

As at June 30, 2022, receivables include $5,500 advanced to a related party. The advance is non-interest bearing and there are no specified terms of repayment.

(Expressed in Canadian dollars, except where noted)

18. Income taxes

	2022	2021
	$	$
Loss for the year	**(4,437,906)**	(8,663,490)
Combined federal and provincial rate	**27%**	27%
Expected income tax recovery	**(1,198,000)**	(2,339,000)
Items that cause an increase (decrease):		
Change in statutory, foreign tax, foreign exchange rates and other	**17,000**	16,000
Non-deductible expenses	**441,000**	837,000
Share issue costs	**(1,000)**	(88,000)
Other	**18,000**	6,000
Adjustment to prior year's provision versus statutory tax returns	**(299,000)**	(10,000)
Change in unrecognized deductible temporary differences	**1,022,000**	1,578,000
Total income tax expense	**-**	**-**

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

Deferred tax assets (liabilities)	June 30, 2022	June 30, 2021
	$	$
Non-capital losses available for future periods	**3,314,000**	2,290,000
Property and equipment	**2,000**	2,000
Intangible Assets	**245,000**	245,000
Right of use assets net of lease liability	**-**	2,000
Share issue costs	**57,000**	76,000
Debt with accretion	**-**	(6,000)
	3,618,000	2,609,000
Unrecognized deferred tax assets	**(3,618,000)**	(2,609,000)
Deferred tax assets (liabilities)	**-**	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognised deductible temporary differences at June 30, 2022 and 2021 are as follows:

Temporary Differences	2022	Expiry Date Range	2021	Expiry Date Range
Property and equipment	**9,000**	**No expiry date**	8,000	No expiry date
Intangible assets	**909,000**	**No expiry date**	909,000	No expiry date
Right of use asset and liability	**-**	**No expiry date**	7,000	No expiry date
Share issue costs	**211,000**	**2041 to 2044**	280,000	2041 to 2044
Non-capital losses available for future periods	**12,445,000**	**2039 to 2042**	8,606,000	2037 to 2041
Canada	**11,674,000**	**2039 to 2042**	7,946,000	2037 to 2041
USA	**771,000**	**No expiry date**	660,000	No expiry date

As at June 30, 2022, the Company has $11,674,000 of Canadian non-capital income tax losses (unrecognized) which will expire over 2039 to 2042.

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 June 30, 2022, the Company had no financial assets measured at fair value.

The carrying values of cash, receivables, accounts payable and accrued liabilities, promissory note, 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 June 30, 2022, the Company expects to recover the full amount of cash.

Receivables consists of trade receivables and sales tax recoverable (GST) from the Canadian Revenue Agency. The Company records lifetime expected credit losses against trade receivables and does not consider there to be any material risk against non-collection of trade receivables recorded at June 30, 2022.

Loan to shareholder is short-term in nature and the maximum credit risk exposure associated with the loan limited to its total carrying value, which management considers immaterial.

(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 June 30, 2022, the Company had a cash balance of $6,187 (June 30, 2021 - $677,976) to settle current liabilities of $1,013,303 (June 30, 2021 - $1,210,176). All of the Company's financial liabilities 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:

(Expressed in Canadian dollars, except where noted)

19. Financial instruments and risk management

	June 30, 2022	June 30, 2021
	$	$
US dollar monetary assets	**2,830**	42,033
US dollar liabilities	**(360,421)**	(1,196,184)
US dollar net liabilities	**(357,591)**	(1,154,151)

As at June 30, 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 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's capital consists of all components of shareholders' equity. 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.

21. Commitments

A summary of undiscounted liabilities and future operating commitments as at June 30, 2022, are as follows:

	Total	Within 1 year	2 - 5 years
	$	$	$
Accounts payables and accrued liabilities	**881,128**	881,128	-
Lease payments on short-term lease	**40,324**	40,324	-
Promissory note	**100,000**	100,000	-
Shareholder loan	**30,000**	30,000	-
Total financial liabilities and commitments	**1,051,452**	1,051,452	-

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. Subsequent events

On September 16, 2022, the Company and Caza mutually agreed to terminate the software development agreement (Note 16). Per the termination agreement, the Company transferred all intellectual property acquired and developed from Illuria and Caza during the software development agreement period. In return, the former shareholders of Illuria returned 2,627,993 common shares of the Company. The shares were cancelled and returned to treasury.

On September 23, 2022, the Company issued a convertible promissory note to an officer of the Company for $40,000. The convertible promissory note bears an interest rate of 10% per annum and matures on September 23, 2024. The convertible promissory note is convertible into units at anytime at the conversion price of $0.05 per unit. Each unit consists of one common share and one warrant. Each warrant is exercisable for one common share at a price of $0.10 per share for a period of one year following the date of conversion.

On October 25, 2022, the Company and an officer of the Company agreed to amend and restate the terms of an existing shareholder loan of $30,000 (Note 17). The shareholder loan was amended to bear interest at a rate of 10% per annum with a maturity date of December 31, 2023.

Subsequent to June 30, 2022, 142,857 stock options expired unexercised.