MOBILUM TECHNOLOGIES INC.
(FORMERLY TECHX TECHNOLOGIES INC.)

Interim Condensed Consolidated Financial Statements

As at and for the Six Months Ended August 31, 2021 and 2020

(Unaudited - Expressed in U.S. Dollars)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Company's independent auditor, Manning Elliott LLP, has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

October 28, 2021

(Expressed in U.S. Dollars)

	Note		Unaudited August 31, 2021		Audited February 28, 2021
ASSETS					
Current assets					
Cash		**$**	**3,645,928**	$	417,982
Accounts receivable	4		**19,220**		11,068
Sales tax receivable	4		**33,926**		102,051
Due from liquidity providers	5		**2,038,921**		-
Prepaid expenses and deposits	6		**352,928**		185,967
Due from related parties	15		**36,855**		44,484
Total current assets			**6,127,778**		761,552
Non-current assets					
Equipment	10		**167,199**		-
Long-term receivables and deposits	6		**59,170**		195,975
Intangible assets	8		**13,618,070**		-
Investments	7		**15,257,193**		-
Goodwill	7		**2,291,747**		-
Total assets		**$**	**37,521,157**	$	957,527
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**591,801**	$	690,896
Notes payable and demand loans	11		**-**		360,215
Due to related parties	15		**295,929**		-
Current portion of lease liability	11		**-**		39,138
Total current liabilities			**887,730**		1,090,249
Long-term portion of lease liability	11		**-**		14,397
Government grant	13		**26,151**		33,310
Total liabilities			**913,881**		1,137,956
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	16		**58,864,000**		19,995,798
Reserves	15,16		**8,455,866**		4,380,565
Accumulated other comprehensive losses			**(650,488)**		(367,659)
Deficit			**(30,062,102)**		(25,076,131)
Equity attributable to equity holders of the parent			**36,607,276**		(1,067,427)
Non-controlling interest	23		**-**		886,998
Total shareholders' equity (deficit)			**36,607,276**		(180,429)
Total liabilities and shareholders' equity (deficit)		**$**	**37,521,157**	$	957,527

Nature of operations and going concern (Note 1)
Commitments (Note 20)
Subsequent events (Note 24)

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

Approved On behalf of the Board of Directors, on October 28, 2021

"Aleem Nathwani"
Aleem Nathwani, Director

"Michael Devine"
Michael Devine, Director

(Expressed in U.S. Dollars)

		Six Months Ended		Three Months Ended	
	Note	**August 31, 2021**	**August 31, 2020**	**August 31, 2021**	**August 31, 2020**
Sales	14	**$ 46,843**	$ 1,986	**$ 46,477**	$ 233
Cost of sales	14	**-**	(8,362)	**-**	(6,785)
Gross Profit		**46,843**	(6,376)	**46,477**	**-** (6,552)
OPERATING EXPENSES					
General and administrative	22	**4,491,580**	1,066,948	**684,881**	430,792
Marketing and selling	22	**1,189,694**	142,927	**433,519**	17,742
Research and development	22	**44,808**	14,790	**44,808**	3,621
Total operating expenses		**(5,726,082)**	(1,224,665)	**(1,163,209)**	(452,155)
Total loss before other items		**(5,679,239)**	(1,231,041)	**(1,116,732)**	(458,707)
Other income (expenses)	22	**675,275**	(29,329)	**634,556**	(6,242)
LOSS BEFORE INCOME TAXES		**(5,003,964)**	(1,260,370)	**(482,176)**	(464,949)
Income from discontinued operations	23	**17,993**	-	**17,993**	-
NET LOSS FOR THE YEAR		**(4,985,971)**	(1,260,370)	**(464,183)**	(464,949)
OTHER COMPREHENSIVE INCOME (LOSS)					
Cumulative translation adjustment		**(282,829)**	(200,323)	**(282,829)**	(41,178)
COMPREHENSIVE LOSS FOR THE YEAR		**$ (5,268,800)**	$ (1,460,693)	**$ (747,012)**	$ (506,127)
EARNINGS (LOSS) PER SHARE					
From Continuing Operations					
Basic and Diluted		**$ (0.04)**	$ (0.01)	**$ (0.00)**	$ (0.00)
From Discontinued Operations					
Basic		**0.00**	-	**0.00**	-
Diluted		**0.00**	-	**0.00**	-
LOSS PER SHARE, Basic and Diluted		**$ (0.04)**	$ (0.01)	**$ (0.00)**	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
Basic	16	**123,587,359**	172,407,491	**135,875,714**	172,407,491
Diluted	16	**135,488,527**	172,407,491	**144,660,318**	172,407,491

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

(Unaudited - Expressed in U.S. Dollars)

		August 31, 2021		August 31, 2020
Cash Provided By (Used In)				
Operating Activities				
Net loss for the period	$	**(4,985,971)**	$	(1,260,370)
Items not affecting cash:				
Depreciation of property and equipment		**20,608**		12,316
Accretion		**(37,669)**		18,558
Share-based compensation		**3,749,957**		286,469
Lease interest		**2,539**		-
Depreciation of right-of-use assets		**-**		77,806
Other income		**(13,481)**		-
Gain on revaluation of digital currencies		**-**		1,981
Gain on settlement of debt		**7,864**		-
Gain on termination of lease		**(46,241)**		-
Gain on disposal of subsidiary		**(886,998)**		-
Changes in non-cash working capital:				
Sales tax receivable				
Accounts receivable		**77,412**		(1,643)
Due from related party		**7,629**		-
Other receivables		**-**		(4,220)
Goodwill		**(2,291,747)**		64,607
Prepaid expenses and deposits		**(151,163)**		32,426
Accounts payable and accrued liabilities		**(235,942)**		242,471
Accounts payable to related parties		**(39,138)**		-
Due to related parties		**28,448**		-
Net cash used in operating activities		**(4,793,893)**		(529,599)
Investing Activities				
Acquisition of investments		**(200,316)**		-
Acquisition of property and equipment		**(185,266)**		-
Acquisition of Intangibles		**708,773**		
Net cash used in investing activities		**323,191**		-
Financing Activities				
Principal portion of lease payments repayment		**28,909**		(75,361)
Proceeds from the issuance of common shares		**7,997,242**		
Share issuance costs		**(123,304)**		-
CEBA loan proceeds		**43,991**		-
Proceeds from note payable		**(191,569)**		266,988
Proceeds from long-term debt advance		**-**		28,447
Repayment of interest on notes payable		**(77,349)**		-
Net cash provided by financing activities		**7,677,920**		220,074
Increase (decrease) in cash		**3,207,218**		(309,525)
Effect of foreign exchange rate changes on cash		**20,728**		-
Cash, beginning of the period		**417,982**		693,705
Cash, end of the period	**$**	**3,645,928**	$	384,180

Supplemental cash flow disclosure (Note 21)

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

MOBILUM TECHNOLOGIES INC.
(FORMERLY TECHX TECHNOLOGIES INC.)
Interim Condensed Consolidated Statements of Changes in Equity (Deficiency)
For the period ended August 31, 2021 and 2020
(Unaudited – Expressed in U.S. Dollars)

mobilum
BRINGING PROFITS BACK TO CREATORS

		Share capital (Note 18)						
	Note	Shares issued[1]	Amount	Reserves	Accumulated other comprehensive loss	Non-controlling interest	Deficit	Total
Balance, March 1, 2020		**172,407,491**	**$ 17,203,519**	**$ 2,998,869**	**$ (138,162)**	**$ 900,000**	**$ (20,248,291)**	**$ 715,935**
Comprehensive loss for the year		-	-	-	-	-	(1,460,693)	(1,460,693)
Stock-based compensation	14	-	-	286,469	-	-	-	286,469
Translation adjustment		-	-	-	200,323	-	-	200,323
Balance, August 31, 2020		172,407,491	17,203,519	3,285,338	62,161	900,000	(21,708,984)	$ (257,966)
Balance, March 1, 2021		**83,218,711**	**$ 19,995,798**	**$ 4,380,565**	**$ (367,659)**	**$ 886,998**	**$ (25,076,131)**	**$ (180,429)**
Comprehensive loss for the year		-	-	-	(282,829)		(4,985,971)	(5,268,800)
Private placements	14	20,000,000	8,745,446	-	-	-	-	8,745,446
Shares issued to finders	14	750,000	(748,204)	-	-	-	-	(748,204)
Cash Finders' fees	14	-	(123,304)	-	-	-	-	(123,304)
Shares issued for investment in CatalX	7,14	15,000,000	14,964,086	-	-	-	-	14,964,086
Shares issued for acquisition of Mobilum OU	7,14	26,666,667	6,940,983	-	-	-	-	6,940,983
Shares issued for acquisition of intangible assets	8,14	10,593,980	9,323,242	-	-	-	-	9,323,242
Shares issued for settlement of debt	10,14	164,062	91,297	-	-	-	-	91,297
Stock-based compensation	14	-	-	3,749,957	-	-	-	3,749,957
Fair value of agent warrants granted	14	-	(325,344)	325,344	-	-	-	-
Disposal of an entity	20	-	-	-	-	(886,998)	-	(886,998)
Balance, August 31, 2021		**156,393,420**	**$ 58,864,000**	**$ 8,455,866**	**$ (650,488)**	**$ -**	**$ (30,062,102)**	**$ 36,607,276**

[1]Adjusted for 2.5:1 share consolidation on February 4, 2021

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mobilum Technologies Inc. (formerly TechX Technologies Inc.) (the "Company") was incorporated on June 11, 2010 under the Laws of British Columbia. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol MBLM (formerly TECX). On July 21, 2021, the Company changed its name from "TechX Technologies Inc." to "Mobilum Technologies Inc." to reflect the adoption of the umbrella brand "Mobilum". The CSE symbol changed from "TECX" to "MBLM". The Company offers several services in the software development and consulting industries. The Company is dedicated to revolutionizing established industries by applications with artificial intelligence, smart contract technology, and digital remittances. Starting in 2020, the Company extended its investments and products portfolio through various acquisitions and now it includes: a digital wallet and payments platform, a digital asset exchange platform and a trading signals platform – all catering to the cryptocurrency business which is the Company's current principal focus. During the six months ended August 31, 2021, the Company changed its head office from 260 – 3480 Gilmore Way, Burnaby, B.C., V5G 4Y1 to 700-838 W Hastings Street, Vancouver, BC V6C 0A6.

The Company incurred a comprehensive loss for the six months ended August 31, 2021 of $5,268,800 (August 31, 2020 – $1,460,693). As at August 31, 2021, the Company had a working capital of $5,240,048 (February 28, 2021 – deficiency of $328,697) and an accumulated deficit of $30,062,102 (February 28, 2021 – $25,076,131) and expects to incur further losses in the development of its business. The Company's ability to continue operations in the normal course of business is dependent upon establishing sufficient cash flows from its business development projects, or on the receiptof additional debt or equity financing. The nature and significance of these conditions along with the continuing losses and accumulated deficit indicates the existence of a material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements. Such adjustments could be material. See Note 19.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The expected impacts on global commerce are expected to be far reaching. Material uncertainties may come into existence that could influence management's going concern assumption. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its subsidiaries, in future periods, such as:

- The impact on the Company's products and services and supply chains in the near-term
- The availability of external funding sources during the next fiscal period
- The effect on labour availability due to the severity and the length of potential measures taken by governments to manage the spread of the disease

In prior fiscal year, the effect of COVID-19 has had material and significant impact on the Company's operations having been affected by complete shut down in operations, the inability to continue development on its technologies, a down turn in successful business development, the inability to meet operational and technology milestones, and the inability to be compliant in making its required continuous disclosure filings with securities regulatory authorities in a timely manner. At the end of the 2021 fiscal year and for the 6 months ended August 31, 2021 (beginning of the 2022 fiscal year), the Company was successful in raising equity funding and further invest in technologies and development. Currently, the Company and its projects and development are affected by some Covid-19 restrictions, such as ability to travel and some hinderances in technology development.

The Company continues to closely evaluate the impact of COVID-19 on its operations.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", following the same accounting principles and methods of computation as outlined in the Company's consolidated financial statements for the years ended February 28, 2021 and February 29, 2020. A description of accounting standards and interpretations that have been adopted by the Company can be found in the notes of the audited consolidated financial statements for the years ended February 28, 2021 and February 29, 2020. These consolidated financial statements include all necessary disclosures required for consolidated financial statements but do not include all disclosures required for annual financial statements.

Therefore, these consolidated financial statements should be read in conjunction with the most recent audited annual financial statements and the notes thereto for the period ended February 28, 2021 and February 29, 2020. These consolidated financial statements were approved and authorized for issue by the directors of the Company on July 28, 2021.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. dollars unless otherwise noted. The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of Mobilum Technologies Inc. ("parent") (formerly TechX Technologies Inc.), TechX Labs Inc. (formerly LiteLink Labs Inc.) and Bull Market Media Inc is the Canadian dollar ("CAD"), the functional currency of AXS and XPort Digital Limited is the U.S. dollar, functional currency of Mobilum OU is Euro ("EUR") and functional currency of Mobilum Pay Sp. z o.o. is Polish Zloty ("PLN").

(Unaudited – Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned legal subsidiaries on a consolidated basis after the elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity. The Company's parent and subsidiaries are as below:

Entity	Place of incorporation	Economic Interest	Status
Mobilum Technologies Inc. ("MBLM")	British Columbia, Canada	Parent	Active
AXS Innovations Inc. ("AXS")	British Columbia, Canada	100%	Active
TechX Labs Inc. ("Labs")	British Columbia, Canada	100%	Active
Bull Market Media Inc. ("BMM")	British Columbia, Canada	100%	Active
Mobilum OU ("Mobilum OU")	Tallin, Estonia	100%	Active
Mobilum Pay Sp. z.o.o. ("Mobilum Pay")	Warsaw, Poland	100%	Active
XPort Digital Limited ("XPort")	Hong Kong	100%	Active

During the period ended August 31, 2021, the Company divested from its 97%-owned subsidiary through AXS, uBuck Technologies SEZC (Note 20).

During the period ended August 31, 2021, the Company acquired 100% ownership in Mobilum OU, XPort Digital Limited and Bull Market Media Inc. (Note 7).

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the reporting date. Actual results could differ from these estimates.

Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments:

i) Going concern: The going concern of the Company is previously discussed in Note 1.

ii) Functional currency: The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of the legal parent and subsidiaries as described above. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

iii) Intangibles – impairment: The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

iv) Revenue recognition: The Company's revenue is comprised of services for software development performed for a third party. Revenues are recognized when performance of services have occurred in accordance with contractual obligations. The Company recognizes revenue in an amount that reflects the transaction price and satisfaction of performance obligations. The area of judgment includes identifying the performance obligation per the definition within IFRS 15 *Revenue from Contracts with Customers* and determining whether control has passed to the customer.

<u>Key sources of estimation uncertainty</u>

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates, and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

i) Recovery of deferred tax assets: Judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

ii) Determination of asset fair values and allocation of purchase consideration: Significant asset acquisitions require judgments and estimates to be made at the date of acquisition in relation to determining the relative fair value of computing equipment and future acquisition rights and the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgments and estimates about future events, including but not limited to availability of hardware and expertise, future production opportunities, future digital currency prices and future operating cost.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

iii) Depreciation: Depreciation of computing equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hash rates, technological changes, availability of hardware, production costs and other factors. The estimates are reviewed at least annually and are updated if expectations change because of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related depreciation expense.

iv) Digital currency valuation: Digital currencies consist of cryptocurrencies (Note 5) and are included in current assets. Digital currencies are carried at their fair value determined by the closing price of coinmarketcap.com, cost to sell the digital currencies are considered immaterial and no allowance is made for such costs. The digital currency market is a relatively new market and has been highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies will have a corresponding impact on the Company's earnings and financial position.

v) Valuation of share-based compensation: The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

Digital currencies and fiat currencies due from liquidity providers (Note 5)

The Company includes balances of fiat and digital currencies being held in custody by the liquidity providers as current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the U.S. dollar.
The Company, through its wholly owned subsidiary Mobilum OU, provides infrastructure for cryptocurrency on-ramp and off-ramp transactions and facilitates those transactions for a fee. Given the nature of fiat to crypto transactions, this process necessitates adequate sums of cryptocurrency typically in the least volatile form known as a stable coin such as USDT or USDC. Stable coin is easily and rapidly translated into other forms of cryptocurrency such as bitcoin. Enough stable coin must be available at the exchange to facilitate and support a complete capital cycle. For instance, a capital cycle for a fiat to crypto exchange and where the fiat is supplied via credit card transaction, the transfer of fiat from the acquirer to crypto operator can be up to 3 days. Therefore, at least 3 days value of daily crypto transactions would have to be held at the liquidity provider or exchange.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statements of net loss and comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified its investments at fair value through profit or loss.

Financial assets at FVTOCI

Investments 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 profit or loss following the derecognition of the investment. The Company has not classified any financial assets at FVOCI.

Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are initially recognized at fair value and are measured subsequent at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognized using the effect interest method and is recognized in interest and other income on the consolidated statements of net and comprehensive loss. The Company has classified its cash, accounts receivable and due from related parties as financial assets at amortized cost.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of net and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets and contract assets

The Company recognizes loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL’s that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

<u>Measurement of ECLs</u>

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 entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the consolidated statement of net and comprehensive loss and gain.

Impairment of financial assets and contract assets

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or amortized cost. Subsequent to initial recognition financial liabilities are classified at amortized cost and measured using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss. The Company has classified its accounts payable, notes payable, lease liability and loans payable as financial liabilities at amortized cost. The Company has no financial liabilities designated at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the change in fair value of its investments based on the criteria below and records such change in profit and loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. In the absence of the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized. For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment. As at August 31, 2021, the Company did not have significant influence over any investees.

Equipment

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. As well, all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of item and are recognized net in profit or loss. Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Company rates for depreciation are as follows:

Computer equipment	2 years straight-line
Furniture and office equipment	2 years straight-line
Leasehold improvements	Straight-line over the lease-term
Software	3 years straight-line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

The Company owns intangible assets consisting of purchased intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with an asset acquisition are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Research costs are charged to operations when they are incurred. Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible assets during its development. Management determined that as at August 31, 2021, it was not yet able to demonstrate with sufficient certainty that it is probable any economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

The amortization method and period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-use asset and lease obligation

Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct cost (e.g., commissions) and an estimate of restoration, removal and dismantling costs. Subsequently, lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made, and the related right-of-use asset is depreciated in accordance with the depreciation requirements of IAS *16 Property and Equipment*. Right-of-use assets are subject to impairment testing under IAS *36 Impairment of Assets*. Other leases are operating leases and are recognized on a straight-line basis in the Company's consolidated statements of loss and comprehensive loss. Please also see Note 9 – Right-of-Use Assets.

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and is adjusted for certain re-measurements of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment. The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company applies judgment to determine the lease term for some lease contracts which contain renewal options.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax 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. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. For unit offerings, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares first, and then to the share purchase warrants.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, 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 rendered. Expired stock options are transferred from reserves to deficit.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. Related parties transactions that are in the normal course of business and have commercial substance are measured at exchange amount.

Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") was issued to replace IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations such as IFRIC 13, *Customer Loyalty Programs*. IFRS 15 introduces a single contract-based five-step model that applies to contracts with customers and two approaches for the recognition of revenue: at a point in time or over time.

The Company adopted IFRS 15 effective March 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

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

These revenue-generating activities of the Company have a single performance obligation and revenue is recognized at the point in time when control of the product transfers to the customer and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the contract.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company's product or the services rendered by the Company.

The Company primarily generates revenue through transaction fees charged on its platform. Services comprise a single performance obligation to provide a crypto asset matching service when customers buy, sell, or convert crypto assets on the platform. That is, the Company via its subsidiary is an agent in transactions between customers and present revenue for the fees earned on a net basis.

Judgment is required in determining whether the Company is the principal or the agent in transactions between customers. Management evaluated the presentation of revenue on a gross or net basis based on whether the Company controls the crypto asset provided before it is transferred to the customer (gross) or whether the Company acts as an agent by arranging for other customers on the platform to provide the crypto asset to the customer (net).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

When there are transactions that are not controlled the crypto asset being provided before it is transferred to the buyer, the control period is relatively short-term, the front-end inventory risk related to the crypto asset is negligible as the Company procures the crypto asset once the order is confirmed, and the Company is responsible for fulfilment of the crypto asset insofar as to transfer the crypto asset to the customer as soon as practically possible. When there are transactions that the Company does not control, the crypto asset being provided before it is transferred to the buyer, do not have inventory risk related to the crypto asset, and are not responsible for the fulfilment of the crypto asset. The Company also does not set the price for the crypto asset as the price is a market rate established by more established arm's length platforms. As a result, the Company acts as an agent in facilitating the ability for a customer to purchase crypto assets from another customer.

The Company considers its performance obligation satisfied and recognize revenue at the point in time when the transaction is processed. Contracts with customers are usually open-ended and can be terminated by the Company without a termination penalty. Therefore, contracts are defined at the transaction level and do not extend beyond the service already provided. The Company charges a fee at the transaction level. The transaction price, represented by the trading fee, is calculated based on volume and may vary depending on the payment type and the value of the transaction.

Transaction revenue includes reductions in revenue from transaction fee reversals that may not be recovered from customers and including but not limited to market volatility in foreign exchange and increased transaction prices from our partners. Such reversals are rare and occur when the customer disputes a transaction processed on their credit card or their bank account for a variety of reasons and seeks to have the charge reversed after we have processed the transaction. The total transaction price is allocated to the single performance obligation. While the Company recognizes transaction fee reversals due to transaction reversals as a reduction of net revenue, crypto asset losses due to transaction reversals are included in transaction expenses.

Service contracts

Revenue under service contracts is recognized when completion of services is achieved. Revenues are recognized under these contracts when services are delivered. The revenue from service contracts is presented under the Software development segment (Note 14).

Research and development

The primary components of research and development expenses are employee compensation and benefits, professional services, contractor services, and product development.

Foreign exchange

Transactions in currencies other than the functional currency of the Company and its subsidiary are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non- monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. These exchange gains and losses arising on translation into functional currency are recognized through profit or loss.

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date, and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

(Unaudited – Expressed in U.S. Dollars)

4. RECEIVABLES

		August 31, 2021		February 28, 2021
Accounts receivable:				
Lite Link Labs	**$**	**8,810**	$	8,326
Mobilum OU		**7,043**		-
Mobilum Pay		**2,678**		-
	$	**19,220**	$	8,326
Discontinued operations		**-**		2,742
Allowance for doubtful accounts		**-**		(3,500)
			$	11,068

Accounts receivable – net of allowance as at August 31, 2021 consists of trade receivables amounting to $19,220 (February 28, 2021 – $11,068).

The Company's sales taxes receivable of $33,926 (February 28, 2021 – $102,051) arises from Goods and Services Tax ("GST") due from the Canada Revenue Agency. The Company has subsequently filed the GST returns and is awaiting assessment.

During the period ended August 31, 2021, the Company divested from uBuck subsidiary (acquired in 2019). Subsequently, balances due from the subsidiary of $1,272,976 has been reclassified as other receivable. However, due to uncertainties regarding the collectability of the loan, the Company wrote down this receivable and recognized an impairment loss of $1,292,386 in the consolidated statement of loss and comprehensive loss (2020 - $Nil).

(Unaudited – Expressed in U.S. Dollars)

5. DUE FROM LIQUIDITY PROVIDERS

As at August 31, 2021 the Company, through its wholly owned subsidiary Mobilum OU, had following current assets due from liquidity providers:

As at:	August 31, 2021		
	Units		**($)**
Fiat currency:		$	**433,761**
Digital currencies:			
BTC	**3.09**		**145,841**
USTD	**1,454,188**		**1,454,188**
LTC	**4.4**		**756**
ETH	**1.29**		**3,434**
DOGE	**1,669**		**473**
LINK	**1.95**		**316**
BNB	**0.33**		**153**
		$	**2,038,921**

Liquidity providers are institutions holding fiat currencies and digital currencies in custody, for the purpose of facilitating on-ramp and off-ramp transactions.

Amounts due are for advances made to an exchange or liquidity provider. Exchanges and liquidity providers convert fiat into digital coin to facilitate and expedite the capital cycle of fiat to crypto exchange on behalf the Company and its clients using the Company's payments solutions platform. In order to expedite the process, the exchange or liquidity provider must maintain a float of digital coin to facilitate transaction. Given the nature of fiat to crypto transactions, this process necessitates adequate sums of cryptocurrency, typically in the least volatile form known as a stable coin such as USDT or USDC.

The fair value of digital currencies held in custody by the liquidity providers was determined using the closing price of the coin at the end of the period quoted on coinmarketcap.com.

(Unaudited – Expressed in U.S. Dollars)

6. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits consist of the following:

		August 31, 2021		February 28, 2021
Prepaid expenses	**$**	**29,298**	$	166,897
Marketing		**265,181**		-
Consulting fees		**56,500**		-
Customer deposits		**-**		16,226
Others		**1,949**		2,844
	$	**352,928**	$	185,967

Prepaid expenses mostly pertain to business development expenses incurred subsequent to August 31, 2021.

Customer deposits as at February 28, 2021 represents wallet card prepayments from uBuck clients. Funds are initially held by the Company as deposits, then subsequently reduced as funds are transferred to client prepaid cards. In August 2021 the Company divested from uBuck subsidiary.

7. ACQUISITIONS

Investment in CatalX CTS Ltd.

During the year ended February 28, 2021, deposits of $207,091 (CA$250,000) was made towards the investment in CatalX CTS Ltd. (or "CatalX"), a cryptocurrency exchange company. On April 13, 2021, the Company paid the remaining $207,091 (CA$250,000) pursuant to the agreement to acquire a 19% stake in a CatalX. On April 14, 2021, the Company issued 15,000,000 common shares at CA$1.25 per share pursuant to the agreement or total of $15,531,809 (CA$18,750,000). The Shares shall be subject to a hold period of four months and one day from issuance. In conjunction with closing of the investment a finders' fee was paid to an arm's-length party of 750,000 common shares. The total value of the investment of US$15,257,193 (CA$ 19,250,000)is reported as investment at fair value through other comprehensive income in the statement of financial position as at August 31, 2021 (February 28, 2021 - $Nil).

Investment in Mobilum OU

On May 25, 2021, the Company signed an asset purchase agreement to purchase 100% of the issued and outstanding shares of Mobilum OU, which was incorporated in Tallin, Estonia on November 2, 2018. Mobilum OU is a fintech company that builds integrations for small and large businesses to accept payments and manage their cryptocurrency businesses online. Mobilum OU is also a licensed financial institution offering Visa - Mastercard payment methods. The combined entities will leverage Mobilum OU's technical expertise, and seasoned management team with the Company's unique patent-pending technology and strong cash position resulting from the private placements (Note 16).

On July 19, 2021, the closing date of the transaction, the Company issued 26,666,667 common shares to Mobilum OU shareholders at a fair value of $0.317 (CA$0.405) per share for a total aggregate consideration of $8,464,613 (CA$10,800,000). The Shares are subject to a hold period of four months and one day from issuance.

(Unaudited – Expressed in U.S. Dollars)

7. ACQUISITIONS (continued)

The fair value of the net assets acquired approximated their book values at acquisition date, except for Technology which fair value was determined using the cost approach in accordance with IFRS 13 – fair value measurement. The technology acquired relates to Mobilum OU's proprietary technical framework underlying its customizable widget and payment processing platforms. The technology consists of the following main platforms: (a) Mobilum CORE API ("Core API"); (b) Mobilum Wallet ("Wallet") – utilizes Core API to be a one-stop-shop application for retail customers willing to buy, hold and spend both fiat and crypto assets; and (c) Mobilum Payment Widget ("Widget") – a fully functional, configurable and customizable payment widget, which can be placed on any webpage or mobile application in order to allow customers to buy cryptocurrencies using payment cards. The table below summarizes the valuation techniques and significant inputs for the valuation of the identifiable assets and liabilities acquired from Mobilum OU:

Identifiable Assets and Liabilities	Valuation technique	Significant Inputs
Working Capital	Cost/carrying value	Book value at date of acquisition
Property and equipment	Cost/carrying value	Book value at date of acquisition
Shareholder loans	Cost/carrying value	Book value at date of acquisition
Intercompany loan	Cost/carrying value	Book value at date of acquisition
Technology	Fair Value using cost approach (cost of reproducing the intangible asset)	All development costs attributable to the technology including cost of materials, cost of labor, allocated support costs for the technology and a developer profit margin to arrive at total reproduction costs

The following table summarizes the fair value of the consideration transferred and the estimated fair values assigned to each major class of assets acquired and liabilities assumed at July 19, 2021 acquisition date:

Total Consideration		
FV of common shares	$	8,464,613
Restricted stock discount		(1,523,630)
Total Consideration	**$**	**6,940,983**
Net identifiable assets acquired (liabilities assumed)		
Cash	$	914,062
Accounts receivable		247,439
Prepaid expenses and deposits		4,970
Digital currencies		2,471,548
Equipment		189,110
Intangible assets		4,335,656
Account payable and accrued liabilities		(124,916)
Due to related parties		(253,841)
Loan from TechX Technologies		(3,139,923)
Net assets acquired	$	4,644,105
Purchase price allocation		
Net identifiable assets acquired	$	4,644,105
Goodwill		2,296,878
	$	**6,940,983**

Goodwill arose in the acquisition as the cost of acquisition included a control premium. In addition, the consideration paid for the acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill, as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

(Unaudited – Expressed in U.S. Dollars)

7. ACQUISITIONS (continued)

In the period from July 19, 2021 to August 31, 2021, the operations of Mobilum OU contributed revenues of $46,477 and a net loss of $139,184. If the acquisition had occurred on March 1, 2021, management estimates that the unaudited consolidated revenue would have been $382,425 and an unaudited consolidated net loss would have been $4,402,657 for the period ended August 31, 2021.

The accounting for the acquisition has been provisionally determined at August 31, 2021. The fair value of net assets acquired and total consideration have been determined provisionally and subject to adjustment within one year from the acquisition date. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, goodwill may be adjusted retrospectively to the acquisition date in future reporting periods.

Investment in XPort

On April 29, 2021, the Company signed an asset purchase agreement to purchase 100% of the issued and outstanding shares of XPort, which was incorporated in Kowloon, Hong Kong on June 10, 2020. XPort is a merchant services fiat-to-crypto gateway on-ramp solution offering credit card processing for cryptocurrency exchanges, wallets and other cryptocurrency businesses. XPort's credit card processing solution provides real-time competitive cryptocurrency pricing and low transaction fees.

On May 5, 2021, the Company issued 5,250,100 common shares to XPort shareholders at a fair value of $0.804 (CA$0.99) per share for a total aggregate consideration of $4,222,151 (CA$5,199,579). On June 3, 2021, the transaction was closed following the transfer of XPort shares to the Company.

The fair value of the net assets acquired approximated their book values at acquisition date, except for Technology which fair value was determined using the cost approach in accordance with IFRS 13 – fair value measurement. XPort's proprietary technical framework underlying its customizable widget and payment processing platforms. The XPort Digital Platform has multiple components: (a) Retail OTC Platform: a web application that allows retail users to purchase cryptocurrency with multiple fiat payment methods including credit cards and bank wires; and (b) B2B Payment Gateway: a customizable widget that provides merchants with a quick and easy method to process fiat payments for cryptocurrency transfers. This is targeted at merchants such as crypto exchanges, crypto e-commerce platforms and decentralized applications. The table below summarizes the valuation techniques and significant inputs for the valuation of the identifiable assets and liabilities acquired from XPort:

Identifiable Assets and Liabilities	Valuation technique	Significant Inputs
Working Capital	Cost/carrying value	Book value at date of acquisition
Technology	Fair Value using cost approach (cost of reproducing the intangible asset)	All development costs attributable to the technology including cost of materials, cost of labor, allocated support costs for the technology and a developer profit margin to arrive at total reproduction costs

XPort did not meet the definition of a business per IFRS. Therefore, the acquisition is accounted for as a simple asset acquisition rather than an acquisition of a business.

(Unaudited – Expressed in U.S. Dollars)

7. ACQUISITIONS (continued)

The following table summarizes the fair value of the consideration transferred and the estimated fair values assigned to each major class of assets acquired and liabilities assumed at June 3, 2021 acquisition date:

Total Consideration		
FV of common shares	$	4,819,223
Restricted stock discount		(597,072)
Total Consideration	**$**	**4,222,151**
Net identifiable assets acquired (liabilities assumed)		
Technology		4,126,897
Foreign currency translation adjustment		95,254
Net assets acquired	**$**	**4,222,151**

The accounting for the acquisition has been provisionally determined at August 31, 2021. The fair value of net assets acquired and total consideration have been determined provisionally and subject to adjustment within one year from the acquisition date. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, the fair value of the technology may be adjusted retrospectively to the acquisition date in future reporting periods.

8. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	IoT	Cryptobuddy Technologies	XPort Technologies	Mobilum OU Technologies	**Intangible Assets**
Balance, February 29, 2020	$ -	$ -	$ -	$ -	$ -
Additions	1,793,817	-	-	-	1,793,817
Impairment of intangible assets	(1,793,817)	-	-	-	(1,793,817)
Balance, February 29, 2021	-	-	-	-	-
Additions	-	5,101,091	4,222,151	4,495,201	13,818,443
Currency translation adjustment	-	(105,119)	(95,254)	-	(569,870)
Balance, August 31, 2021	**$ -**	**$ 4,995,972**	**$ 4,126,897**	**$ 4,495,201**	**$ 13,248,573**

Digital Payment Platform

On June 29, 2021, the company finalized the acquisition of 100% ownership interest of XPort Digital Limited (or "XPort") and transferred 5,252,100 common shares to XPort shareholders as consideration (Note 24). For the purposes of IFRS 3, XPort did not meet the definition of a business and therefore, the transaction was deemed as an asset acquisition. The identifiable asset acquired is mainly the digital payment platform technology from XPort which is basically an application which helps users access cryptocurrency and pay using multiple fiat payment methods which include credit cards and bank wires. It also offers a business-to-business payment gateway that allows merchants to easily process fiat payments for cryptocurrency transfers mostly amongst crypto exchanges, crypto e-commerce platforms and other decentralized applications.

Upon evaluation, the Company determined that the fair value of the shares issued was a more reliable measurement for the intangibles therefore the technology acquired was valued using such under IFRS 2, *Share-based payment*. Shares were issued on May 5, 2021 at CA$0.99 for a total of US$4,222,151(CA$5,101,091). Hence, the Company recognized an intangible asset for the same amount.

8. INTANGIBLE ASSETS (continued)

Trading Signals Platform

During the period ended August 31, 2021, Company signed an agreement to acquire 100% of the Cryptobuddy.ai predictive cryptocurrency trading signals platform, through its wholly-owned subsidiary, Bull Market Media Inc., in consideration of the issuance of 5,341,880 common shares of the Company (issued on April 28, 2021 at CA$1.18 per share or total of CA$6,303,418 or US$5,101,091). The common shares are subject to a hold period of four months and one day from issuance. Key features of these proprietary technology include predictive analytics, data analysis, forecasts, user-friendly interface and variety of cryptocurrencies monitored.

Internet of Things (IoT)

For the year ended February 28, 2021, intangible assets acquired from an arm's-length party consisted of software for use in an Internet of Things ("IoT") product which monitors fill levels of waste containers and alerts the waste management companies about the required container turnover.

In November 2019, the Company paid $37,926 to the arm's-length party towards the purchase of the IoT assets. On January 19, 2021, the Company issued 2,000,000 common shares to the arm's length party at $0.275 per common share. On February 23, 2021, the Company issued 1,800,000 common shares to the arm's length party at $0.50 per common share. During the year it was determined that challenges in the IoT market cast significant doubt on the ability of the IoT assets to generate future economic benefits. It was determined that the fair value of the IoT assets were lower than their carrying value, therefore the Company recorded an impairment loss of $1,793,817 (CAD $2,275,000).

(Unaudited – Expressed in U.S. Dollars)

9. RIGHT-OF-USE ASSETS

	Building Lease - TechX	Building Lease - uBuck	Vehicle Lease 1 - Tech X	Vehicle Lease 2 - Tech X	Total
Cost:					
Balance, February 29, 2020	$ 231,871	$ 105,156	$ -	$ -	$ 337,027
Additions	-	-	54,497	55,152	109,649
Impairment	-	(105,156)	-	-	(105,156)
Settlement	(231,871)	-	-	-	(231,871)
Transferred to related party	-	-	(54,497)	(55,152)	(109,649)
At February 28, 2021	$ -	$ -	$ -	$ -	$ -
Additions	-	69,471	-	-	69,471
Disposal (Note 23)	-	(69,471)	-	-	(69,471)
At August 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Accumulated depreciation:					
Balance, February 29, 2020	$ (111,298)	$ (23,368)	$ -	$ -	$ (134,666)
Depreciation	(102,023)	(35,052)	(5,788)	(5,858)	(148,721)
Impairment	-	58,420	-	-	58,420
Settlement	213,321	-	-	-	213,321
Transferred to related party	-	-	5,788	5,858	11,646
At February 28, 2021	$ -	$ -	$ -	$ -	$ -
Depreciation	-	(5,790)			(5,790)
Disposal (Note 23)	-	5,790			(5,790)
At August 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net book value:					
At February 29, 2021	$ -	$ -	$ -	$ -	$ -
At August 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

<u>Burnaby office</u>

In July 2018 the Company entered into an agreement to sublease office premises. The sublease commenced in December2018 with a term of 28 months and the final month of this lease is March of 2021. The building provides office space forthe Company for general business purpose. During the three months ended February 28, 2021 the Company recognized the right-of-use building and corresponding lease liability (Note 12) upon the adoption of IFRS 16. The right-of-use building is depreciated on a straight-line basis over the remaining lease term. During the year ended February 28, 2021, pursuant to a termination agreement with the lessor, the Company paid an aggregate of $74,722 to the lessor to settle the outstanding rent amounts payable. As a result, the Company recognized the carrying value of the ROU asset amounting to $18,550 as a loss on settlement of lease (Note 23) (2020 – $Nil).

<u>George Town, Cayman Islands office</u>

In June 2019, the Company, through uBuck, entered into an agreement to lease office premises. The lease commenced inJuly 2019 with a term of 36 months, ending in June 2022. During the three months ended February 28, 2021 the Company recognized the right-of-use building and corresponding lease liability (Note 12) upon the adoption of IFRS 16. The right- of-use asset is depreciated on a straight-line basis over the lease term. During the year ended February 28, 2021, due to uncertainty surrounding the realization of future economic benefits for uBuck, the Company wrote down the value of its right-of-use asset to $Nil and recognized an impairment loss of $46,736 in the consolidated statements of net and comprehensive loss (2020 – $Nil).

(Unaudited – Expressed in U.S. Dollars)

9. RIGHT-OF-USE ASSETS (continued)

George Town, Cayman Islands office

On March 30, 2021, uBuck entered into a new lease agreement with the same company to lease a smaller office. The lease commenced on April 1, 2021 with a term of one year, renewable for another year. The right-of-use asset amounting to $69,471 was estimated based on a monthly fee of $3,281 per month for the first 12 months and $3,380 per month for the second year discounted using the Company's incremental borrowing rate of 15%. This right-of-use asset will be depreciated on a straight-line basis over the lease term. During the period ended August 31, 2021, the Company divested from uBuck, therefore, the right-of-use assets was derecognized in the consolidated statements of financial position (Note 23).

Vehicles

During the period ended August 31, 2021, the Company recognized a right-of-use asset addition of $109,649 relating to the lease of vehicles that commenced in June 2020. The Company leased two vehicles, each for a term of 48 months. Theright-of-use assets are depreciated on a straight-line basis over this lease term. The total monthly lease payments are $1,561and there is an option to buy the trucks at $83,626 at the end of the lease.

During the period ended August 31, 2021, the Company derecognized the leases of both vehicles as the lease contracts were transferred to a director and former director for no consideration. As a result, the Company recognized the carryingvalue of the ROU asset amounting to $98,002 as a loss on transfer of lease (Note 23) (2020 – $Nil).

10. EQUIPMENT

Equipment consisted of the followings as at August 31, 2021 and February 28, 2021:

	Computer Equipment	Digital Currency Computing Equipment	Software	Furniture and Office Equipment	Leasehold Improvements	Total
Cost:						
At February 29, 2020	$ 52,892	$ 1,338,438	$ 352,609	$ 5,782	$ 11,667	$ 1,761,388
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At February 28, 2021	$ 52,892	$ 1,338,438	$ 352,609	$ 5,782	$ 11,667	$ 1,761,388
Additions	6,958	-	180,000	-	-	186,958
Cumulative translation adjustment	(101)	-	573	-	-	472
At August 31, 2021	**$ 59,749**	**$ 1,338,438**	**$ 533,181**	**$ 5,782**	**$ 11,667**	**$ 1,948,818**
Depreciation:						
At February 28, 2020	$ (29,352)	$ (1,338,438)	$ (352,609)	$ (3,572)	$ -	$ (1,723,971)
Depreciation	(23,540)	-		(2,210)	(11,667)	(37,417)
At February 28, 2021	$ (52,892)	$ (1,338,438)	$ (352,609)	$ (5,782)	$ (11,667)	$ (1,761,388)
Depreciation	(230)	-	(20,000)	-	-	(20,230)
At August 31, 2021	**$ (53,122)**	**$ (1,338,438)**	**$ (357,609)**	**$ (5,782)**	**$ (11,667)**	**$(1,781,618)**
Net book value:						
At February 29, 2021	$ -	$ -	$ -	$ -	$ -	$ -
At August 31, 2021	**$ 6,627**	**$ -**	**$ 160,573**	**$ -**	**$ -**	**$ 167,199**

During the period ended August 31, 2021, the Company paid $180,000 in software licenses for use in its operations (February 28, 2021 – $Nil).

(Unaudited – Expressed in U.S. Dollars)

11. LEASE LIABILITIES

The following tables show the continuity for lease obligations as at August 31, 2021 and February 28, 2021:

	Building Lease - TechX	Building Lease - uBuck	Vehicle Lease 1 - Tech X	Vehicle Lease 2 - Tech X	Total
Opening balance, March 1, 2020	$ 151,383	$ 87,254	$ -	$ -	$ 238,637
Additions	-	-	54,125	54,758	108,883
Accretion of lease liabilities	11,384	10,281	2,484	2,619	26,768
Lease payments	(137,857)	(44,000)	(5,485)	(5,532)	(192,874)
Settlement	(24,910)	-	-	-	(24,910)
Transferred to related party	-	-	(51,124)	(51,845)	(102,969)
Balance, February 28, 2021	$ -	$ 53,535	$ -	$ -	$ 53,535
Additions	-	69,471	-	-	69,471
Accretion of lease liabilities	-	2,247	-	-	2,247
Lease payments	-	(10,229)	-	-	(10,229)
Settlement	-	(50,492)	-	-	(50,492)
Disposal (Note 23)		(64,532)			(64,532)
Balance, August31, 2021	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

During the year ended February 28, 2021, pursuant to a termination agreement with the lessor, the Company paid an aggregate of $74,722 to the lessor of its building to settle the outstanding rent amounts payable. As a result, the Company recognized the carrying value of the lease liability amounting to $24,910 as a gain on settlement of lease (Note 9) (2020 – $Nil).

During the year ended February 28, 2021, the Company derecognized the leases of both vehicles as the lease contracts were transferred to a director and former director for no consideration (Note 15). As a result, the Company recognized the carrying value of the lease liability amounting to $107,648 as a gain on transfer of lease (Note 23) (2020 – $Nil).

On March 30, 2021, uBuck entered into a new lease agreement with the same lessor to lease a smaller office. The old lease was in effect terminated and a new lease commenced on April 1, 2021 with a term of one year, renewable for another year. The new lease liability amounting to $69,471 was estimated based on a monthly fee of $3,281 per month for the first 12 months and $3,380 per month for the second year discounted using the Company's incremental borrowing rate of 15%. This lease liability is amortized using the effective interest method. As at May 31, 2021, the Company's lease liability amounted to $64,532 (February 28, 2021 - $55,535). Lease interest recognized in the statement of net loss and comprehensive loss amounted to $2,247 (2020 – $Nil).

During the period ended August 31, 2021, the Company divested from uBuck, therefore, lease liabilities associated with uBuck were derecognized in the consolidated statements of financial position (Note 23).

(Unaudited – Expressed in U.S. Dollars)

12. NOTE PAYABLE AND DEMAND LOANS

As at August 31, 2021 and February 28, 2021, the Company's notes payable and demand loans have the following movements:

		Loan 1		Loan 2		TOTAL
Principal	$	191,663	$	75,435	$	267,098
Additions		75,325		-		75,325
Interest		91,742		-		91,742
Repayment		(77,349)		-		(77,349)
Balance, February 28, 2021	$	281,382	$	75,435	$	356,816
Interest		(75,689)		-		(75,689)
Repayment		(205,692)		(75,435)		(281,127)
Balance, August 31, 2021	**$**	**-**	**$**	**-**	**$**	**-**

Loan 1
On May 22, 2020, the Company entered into an asset-backed credit agreement with a financial institution (the "Institution"). The Institution advanced $191,663 ($263,625 CAD) to the Company on the date of agreement, along with an additional $75,325 ($100,000 CAD) on August 5, 2020. The loan had a term of three months from the date of advance with a maturity date of November 26, 2020. Interest was compounded at 3% per month and payable upon receipt of the first of any SR&ED claim refund or secondary capital raised by the Company. The loan is secured by the Company's accounts receivable and a first place General Security Agreement over all Company's assets.

Originally classified as a note payable, May 31, 2021 was past the maturity date of this loan, therefore it is classified as a demand loan as at May 31, 2021. During the year ended February 28, 2021, the Company made interest payments totaling $77,349. During the period ended May 31, 2021, the Company accrued $28,812 in interest and repaid a total of $242,547. In the period ended August 31, 2021, the loan was settled (balance as at February 28, 2021 – $281,382). (Note 24).

Loan 2
On October 5, 2020, the Company received $75,435 ($100,000 CAD) from an arm's length party by way of a non-interest-bearing note payable. The note is secured by way of a general charge against all present and after-acquired assets of the Company. There is no set repayment date of the note, however the full amount must be paid within five calendar days of a written demand from the lender. In the period ended August 31, 2021 this loan was settled through issuance of common shares (Note 24).

13. GOVERNMENT GRANT

Canada Emergency Business Account ("CEBA")

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Business Account ("CEBA") which provides an interest-free loan ("CEBA Loan") of $40,000 CAD to eligible businesses. Repayment of $30,000 CAD of the $40,000 CAD loan balance on or before December 31, 2022 will result in a loan forgiveness of the remaining $10,000 CAD.

In April 2020, the Company received $28,447 ($40,000 CAD) in accordance with the CEBA loan. In December 2020, the federal government of Canada introduced an expansion to the CEBA in the amount of $15,544 ($20,000 CAD) ("CEBA expansion") whereby eligible businesses can receive this amount in addition to the original $40,000 CAD. Up to $10,000 CAD of the CEBA expansion is forgivable if repaid on or before December31, 2022. The Company received the $20,000 CAD expansion to the CEBA loan in error as it is not considereda CCPC (Canadian Controlled Private Corporation). The $20,000 CAD expansion to CEBA was subsequently repaid.

As at August 31, 2021 the Company had not made any repayments of the CEBA loan. Any loan balance remaining after December 31, 2022 will be converted to a 3-year loan with an interest rate of 5% per annum paidmonthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

This liability is recognized in accordance with IFRS 9, *Financial Instruments* as a financial liability at amortized cost. The benefit of below-market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received.

The Company has estimated the initial carrying value of the first CEBA loan at $19,116 ($26,880 CAD) and the second CEBA loan at $11,394 ($14,661 CAD), using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. The total difference of $13,481 ($18,460 CAD) will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income on the consolidated statements of net and comprehensive loss.

During the six months ended August 31, 2021, total accretion expense recognized for the CEBA loans amounted to $2,361 (2020 – $481) (Note 23).

Canada Emergency Rent Subsidy ("CERS")

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Rent Subsidy ("CERS") which provides eligible businesses the ability to claim a subsidy on eligible expenses including rent. The subsidy runs from September 2020 to June 2021.

The amount of subsidy received is based on an entity's decrease in revenue and can be a maximum of 65% of the eligible expense. During the year ended February 28, 2021, the amount received by the Company from the CERS totaled $34,036 included as part of other income in the consolidated statement of net and comprehensive loss (2020 - $Nil).

(Unaudited – Expressed in U.S. Dollars)

14. SEGMENT REPORTING

The Company generated revenues from its transactional services segment during the six months ended August 31, 2021, through Mobilum OU.
As of reporting date, the Company did not extract cost directly attributable to facilitating the transactions. The Company is currently implementing costing procedures for the purpose of improving financial reporting process in this area.
As of the reporting date the Company reports revenues net of direct costs.

For the six months ended August 31, 2021:

	Transactional fees	Software Development	Total
Revenue	$ 46,843	$ -	$ 46,843
	$ 46,843	$ -	$ 46,843

During the six months ended August 31, 2020, the Company generated revenues from its software development" segment.

The Company, through TechX Labs, earned 100% of its revenues from one customer through the performance of blockchain and cloud software development services, along with mobile and web application development. Therefore, the Company's credit risk arises from the possible default of its sole customer.

For the six months ended August 31, 2020:

	Software subscription	Software Development	Total
Revenue	$ -	$ 1,986	$ 1,986
Cost of sales	-	(8,362)	(8,362)
	$ -	$ (6,376)	$ (6,376)

15. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board, management of the Company and its subsidiaries.

As at August 31, 2021, amount disclosed as due from related parties is due from the current CEO is $36,855, which represents a prepayment for a marketing campaign handled by a third party. As at February 28, 2021, due from former CEO amounted to $44,484.

As at August 31, 2021 and February 28, 2021, the Company has the following due to its related parties:

Related party	August 31, 2021	February 28, 2021
CEO of XPort	**$ 8,262**	$ -
Loans due to Company controlled by a Director	**267,160**	-
CFO	**15,929**	-
Corporate Secretary	**4,578**	-
	$ 295,929	$ -

(Unaudited – Expressed in U.S. Dollars)

15. RELATED PARTY TRANSACTIONS (continued)

During the periods ended August 31, 2021 and 2020, key management compensation consisted of the following:

Compensation	August 31, 2021	August 31, 2020
Consulting fees	**$ 35,348**	$ -
Management fees, director fees, salaries and wages	**70,822**	75,791
Accounting fees	**21,297**	-
Share-based compensation	**3,035,035**	200,778
	$ 3,162,502	$ 276,569

Management fees, director fees, accounting and salaries and wages for the six months ended August 31, 2021 and August 31, 2020 were paid or accrued to the following:

Related party	Compensation	August 31, 2021	August 31, 2020
Director and Former CEO	Salary and directors' fees	**$ -**	$ 14,718
CFO	Management and accounting fees	**45,437**	-
COO	Salary	**22,682**	-
President and CEO of uBUCK	Salary	**-**	60,000
Corporate Secretary	Consulting fees and administrative fees	**21,471**	-
CEO of XPort	Management fees	**24,000**	-
Former CFO	Consulting fees	**3,991**	-
CTO of Mobilum OU	Consulting fees	**9,886**	-
Former Director	Directors' fees	**-**	715
Former Director	Directors' fees	**-**	357
		$ 127,467	$ 75,791

Share-based compensation for the six months ended August 31, 2021 and 2020 consisted of the following:

Related party	August 31, 2021	August 31, 2020
CEO	**$ 964,824**	$ -
Former director and Former CEO	**-**	118,376
CFO	**140,483**	-
COO	**33,090**	-
Corporate Secretary	**140,483**	-
President and CEO of uBUCK	**11,976**	82,402
Directors	**1,744,179**	-
	$ 3,035,035	$ 200,778

16. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Share capital

Share issuances for period ended August 31, 2021

On April 13, 2021, the Company closed a non-brokered private placement financing for total gross proceeds of $7,997,242 (CA$10,000,000). The Company issued 20,000,000 units at a price of CA$0.50 per unit. Each unit is comprised of one common share and one-half of one transferable warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of 60 months at a price of CAD $1.00 per share, subject to accelerated expiry.

On April 15, the Company issued 15,000,000 shares for the acquisition of 19% ownership interest in CatalX Exchange Inc. (Note 7). The Company also issued 750,000 shares to finders in connection with the transaction.

On April 28, 2021, the Company issued 5,341,880 shares for the acquisition of an intangible asset (Note 8).

On May 4, 2021, the Company issued 5,252,100 shares for the acquisition of XPort Digital Limited (Note 8).

On May 27, 2021, the Company entered into a debt settlement transaction with an arm's length party wherein the Company settled an indebtedness of CAD $105,000 by issuing 164,062 common shares. Total of CAD $105,000 was invoiced for consulting and settled in the reporting period. Share were issued on June 1, 2021.

On July 19, 2021, the Company issued 26,666,667 shares for the acquisition of Mobilum OÜ (Note 7).

Share issuances for the year ended February 28, 2021

On October 8, 2020, the Company consolidated all of its issued and outstanding common shares on the basis of one post-consolidation common share for every two and a half pre-consolidation common shares.

On January 19, 2021 and February 23, 2021, the Company issued of 2,000,000 (5,000,000 pre-consolidation) and 1,800,000 common shares, respectively, in accordance with the purchase of an intangible asset (Note 7).

On January 28, 2021, the Company issued 405,714 shares (1,014,285 pre-consolidation) at $0.61 (CA$0.78) per common share for consulting services to two arm's length parties.

On February 9, 2021, the Company closed a non-brokered private placement, pursuant to which the Company issued 10,050,000 common shares at a price of CA$0.10 per unit for gross proceeds of $791,672 (CA$1,050,000). All securities issued in connection with the private placement are subject to a four-month-and- one-day statutory hold period in accordance with applicable securities laws. A total of $8,972 (CA$11,400) in finders' fees was paid.

As at August 31, 2021 there was no common shares held in escrow. Up to June 11, 2021, 4,950,000 (12,375,000 pre-consolidation) shares were held in escrow pursuant to an asset acquisition agreement to acquire certain assets being inventories of various cryptocurrencies, certain software technologies and hardware infrastructure of Blockcorp Sociedad Anonima Assets completed during the 15 months ended February 28, 2019.

(Unaudited – Expressed in U.S. Dollars)

16. SHARE CAPITAL (continued)

Stock options

The Company has a Rolling Stock Option Plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the CSE). Options may be granted for a maximum term of five years from the date of the grant, are non- transferable and expire within 90 days of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to vesting provisions as determined by the Board of Directors and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

On January 14, 2021, the Company granted an aggregate of 5,940,000 incentive stock options to officers and directors of the Company with an exercise price of CA$0.175 per share for a period of three years from the date of grant. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA$0.19, volatility 178%, risk-free rate 0.28%, dividend yield 0%, and expected life of 3 years. With these assumptions, the fair value of options was determined to be $770,408 (CA$981,782), which will be expensed over the vesting period.

On March 8, 2021, the Company has granted an aggregate 300,000 incentive stock options (the "Options") to the officers of the Company. The Options are exercisable at CA$0.46 per share for a period of five years from the date of grant. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA$0.46, volatility 197%, risk-free rate 0.92%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $110,707 (CA$134,243).

On April 14, 2021, the Company has granted an aggregate 450,000 incentive stock options to directors and advisors. The Options are exercisable at CA$1.19 per share for a period of two years from the date of grant and subject to vesting over two years. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of $1.25, volatility 201%, risk-free rate 0.49%, dividend yield 0%, and expected life of 3 years. With these assumptions, the fair value of options was determined to be $427,028 (CA$517,814), which will be expensed over the vesting period.

On May 26, 2021, the Company granted an aggregate 6,050,000 incentive stock options (the "Options") to directors, officers and consultants of the Company. The Options are exercisable at CA$0.80 per share for a period of three years from the date of grant.The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA$0.75, volatility 202%, risk-free rate 0.49%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $3,433,765 (CA$4,163,783).

In June 2021, the Company granted an aggregate 625,000 incentive stock options (the "Options") to officers and employees of the Company. The Options are exercisable at CA$0.71 per share for a period of five years from the date of grant and vesting over a four-year period.

A summary of the stock option transactions for the six months ended August 31, 2021 and February 28, 2021 is as follows:

	Number of Options		**Weighted Average Exercise Price**
Balance, February 29, 2020	6,548,000	$	0.875
Granted	5,940,000		0.175
Forfeited	(5,748,000)		0.875
Balance, February 28, 2021	**6,740,000**	**$**	**0.258**
Granted	7,425,000		0.743
Balance, August 31, 2021	**14,165,000**	**$**	**0.512**

(Unaudited – Expressed in U.S. Dollars)

16. SHARE CAPITAL (continued)

During the year ended February 28, 2021, 5,748,000 (14,370,000 pre-consolidation) options were forfeited due to terminations of consultants and employees and the consequent expiry of options after termination and resignation. During the six months ended August 31, 2021, the Company recognized share-based compensation expense of $3,604,628 (2020 – $286,469) representing the fair value of options granted and vested. The fair value of options granted is estimated on the grant date using the Black-Scholes option pricing model using the following weighted average variables:

	August 31, 2021	February 28, 2021
Risk-free interest rate	0.48-0.92%	0.21%
Expected option life in years	5.19	2.88
Expected stock price volatility	208.94%	167.98%
Expected dividend rate	0%	0%
Fair value per option (CAD)	$0.75	$0.18
Stock price at grant date (CAD)	$0.81	$1.19

The expected stock price volatility is determined based on available market data of similar entities in and is calculated on a weighted average basis dependent upon the number of options granted at each grant date.

As at August 31, 2021, the Company had options outstanding, enabling the holders to acquire the following number of common shares:

Expiry Date	Exercise Price	Numbers of options outstanding	Numbers of options exercisable	Weighted average remaining contractual life (year)	Weighted average exercise price
June 6, 2023	$ 0.875	400,000	400,000	0.05	$ 0.025
November 9, 2023	0.875	200,000	166,667	0.03	0.012
January 14, 2024	0.175	5,940,000	5,940,000	0.99	0.073
April 14, 2024	1.190	450,000	56,250	0.08	0.038
June 1, 2024	0.875	200,000	100,000	0.04	0.012
March 8, 2026	0.460	300,000	300,000	0.10	0.010
May 26, 2026	0.800	6,050,000	6,050,000	2.02	0.342
June 11, 2026	0.710	625,000	625,000	0.21	0.031
		14,165,000	**13,637,917**	**3.31**	**$ 0.543**

Warrants

A summary of the warrant transactions for the six months ended August 31, 2021 and February 28, 2021 is as follows:

	Number of warrants	Weighted average exercise price
Balance outstanding, February 28, 2020	14,952,375	$ 0.13
Exercised	(1,608,250)	0.13
Expired	(13,344,125)	0.13
Balance outstanding, February 28, 2021	**-**	**$ -**
Granted	10,351,000	1.00
Balance outstanding, August 31, 2021	**10,351,000**	**$ 1.00**

(Unaudited – Expressed in U.S. Dollars)

16. SHARE CAPITAL (continued)

During the period ended Aug 31, 2021, 10,000,000 warrants were granted pursuant to the private placement. 351,000 finder's warrants valued at $325,344 was also issued in connection with the transaction. The fair value of warrants granted is estimated on the grant date using the Black-Scholes option pricing model using the following variables:

	August 31, 2021	February 28, 2021
Risk-free interest rate	0.94%	-
Expected option life in years	5.00	-
Expected stock price volatility	200.81%	-
Expected dividend rate	0%	-
Fair value per warrant (CAD)	$1.16	-
Stock price at grant date (CAD)	$1.19	-

As at August 31, 2021, the Company had the following warrants outstanding, enabling the holders to acquire the followingnumber of common shares:

Expiry Date	Exercise Price	Numbers of warrants outstanding	Numbers of warrants exercisable	Weighted average remaining contractual life (year)	Weighted average exercise price
April 13, 2026	$ 1.000	10,351,000	10,351,000	4.87	$ 1.000
		10,351,000	**10,351,000**	**4.87**	**$ 1.000**

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable currentmarket transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short- term maturity of these instruments.

a. Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
b. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
c. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts receivable, due from related parties, accounts payable, notes payable and demand loans, lease liabilities and loans payable.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

(Unaudited – Expressed in U.S. Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table summarizes at what level these financial instruments are valued at:

August 31, 2021	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial Instruments measured at FVTPL				
Cash	**3,645,928**	**-**	**-**	**4,079,689**
Investments	**15,257,193**	**-**	**-**	**15,257,193**
Loan payable	**-**	**26,151**		**26,151**
Total Financial Instruments measured at FVTPL	**19,336,882**	**26,151**	**-**	**19,363,033**

February 28, 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Instruments measured at FVTPL				
Cash	417,982	-	-	417,982
Lease liability	-	53,535	-	53,535
Loan payable	-	33,310	-	33,310
Total Financial Instruments measured at FVTPL	417,982	86,845	-	504,827

Financial risk management

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company's credit risk arises from it deriving revenues from a sole customer, from which management does not believe the Company has a material exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As of August 31, 2021, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Market Risk

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

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b. Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because ofchanges in prices. The Company's investments are exposed to price risk.

c. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuatebecause of changes in the foreign currency exchange rates. The Company's presentation currency is the U.S. dollar and historically, major purchases have been transacted in U.S. dollars, while all of the financings to date have been completed in Canadian dollars. As the Company's revenues and general and administrative costs are primarily denominated in Canadian dollars, the Company will be exposed to effects of fluctuations in foreign exchange. The fluctuation of the Canadian dollar against the U.S. dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. 10% fluctuations in the Canadian dollar and Euro against the US dollar have affected comprehensive loss for the year by approximately $857,363 (August 31, 2020 – $26,174).

18. DIGITAL CURRENCY RISK MANAGEMENT

Digital currencies are determined by prices quoted on coinmarketcap.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchangerates, inflation or deflation and the global political and economic conditions. The profitability of the Company isaffected by the current and future market price of digital currencies; in addition, the Company may not be able toliquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company has not hedged the conversionof any of its digital currency sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. Before liquidation, the Company's digital currencies consisted of Bitcoin and LBRY. In the period ending August 31, 2021 the Company's digital currencies consisted of Bitcoin and USTD (Stablecoin).

19. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new shareissues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capitalrisk management remains unchanged for the period ended August 31, 2021.

(Unaudited – Expressed in U.S. Dollars)

20. COMMITMENTS AND CONTINGENCIES

On July 26, 2021, the Company received a notice of civil claim. The potential liability for the Company is $9,821 (CA$12,375). As at the date of this report, the outcome of the case is still unknown.

The Company has not recorded any reserve for possible legal expenses related to incompliance with Money Laundering and Terrorist Financing Prevention Act. Transactions with crypto assets with one counter party of EUR 32,000 or more should be reported to regulator as such transactions are considered as unusual according to the guidance issued by Financial Intelligence Unit of Estonia (FIU). The management believes that funds or crypto received from legal entities with payments organization license or licensed crypto wallet providers, are exempt from this clause. The maximum penalty amount based on Money Laundering and Terrorist Financing Prevention Act § 92 can be up to EUR 400,000 on each revealed case of violation of reporting or verification requirements.

From time to time, the Company has committed to temporarily securely store crypto assets it holds on behalf of customers and responsible for compliance with anti-money laundry legislation. As such, the Company may be liable to its customers for losses arising from theft or loss of private keys and for non-compliance with regulations. The Company has no reason to believe it will incur any expense associated with such potential liability because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within its control, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss. Since the risk of loss is remote, the Company had not recorded a liability at August 31, 2021.

21. SUPPLEMENTAL NON-CASH DISCLOSURE

The Company incurred the following non-cash expenditures:

		August 31, 2021		August 31, 2020
Share-based compensation	**$**	**3,749,957**	$	286,469
Shares issued for investment in CatalX		**14,964,086**		-
Shares issued for acquisition of Mobilum OU		**6,940,983**		-
Shares issued for acquisition of intangible assets		**9,323,242**		-
Shares issued for settlement of debt		**91,297**		-
Fair value of agent warrants granted		**325,344**		-

(Unaudited – Expressed in U.S. Dollars)

22. BREAKDOWN OF OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

The Company's General and Administrative expenses for the six months ended August 31, 2021 and 2020 are as follows:

		Six Months Ended		Three Months Ended	
General and Administrative expenses	**Note**	**August 31, 2021**	August 31, 2020	**August 31, 2021**	August 31, 2020
Consulting fees	15	**$ 245,215**	$ 194,883	**$ 165,014**	$ 63,874
Depreciation of equipment	10	**20,608**	12,316	**20,608**	5,363
Depreciation of right-of-use assets	9	**-**	77,806	**-**	41,218
General office expenses		**45,714**	100,423	**25,554**	48,784
Interest and accretion	13	**-**	18,558	**-**	-
Lease interest	12	**2,539**	-	**2,539**	9,012
Management fees, director fees, salaries and wages	15	**78,723**	278,245	**48,369**	81,248
Professional fees		**227,833**	88,248	**178,354**	54,605
Legal fees		**62,539**	-	**62,539**	-
Rent		**8,047**	-	**8,047**	-
Stock-based compensation	15, 16	**3,749,958**	286,469	**145,330**	121,305
Transfer agent and filing fees		**50,404**	10,000	**28,528**	5,383
Total		**$ 4,491,580**	$ 1,066,948	**$ 684,882**	$ 430,792

The Company's Selling expenses for the six months ended August 31, 2021 and 2020 are as follows:

	For the period ended		For the period ended	
Marketing and selling expenses	**August 31, 2021**	August 31, 2020	**August 31, 2021**	August 31, 2020
Marketing	**$ 1,189,694**	$ 142,927	**$ 433,519**	$ 17,742
Total	**$ 1,189,694**	$ 142,927	**$ 433,519**	$ 17,742

The Company's research and development expenses for the six months ended August 31, 2021 and 2020 are as follows:

	For the period ended		For the period ended	
Research and development expenses	**August 31, 2021**	August 31, 2020	**August 31, 2021**	August 31, 2020
Other expenses	**$ 44,808**	$ 14,790	**$ 44,808**	$ 3,621
Total	**$ 44,808**	$ 14,790	**$ 44,808**	$ 3,621

The Company's other income (expenses) for the six months ended August 31, 2021 and 2020 are as follows:

		For the period ended	
Other income (expenses)	**Note**	**August 31, 2021**	**August 31, 2020**
Gain on revaluation of digital currencies	5	**$ -**	$ (1,981)
Loss on sale of digital currencies	5	**-**	(30,793)
Gain on disposal of subsidiary	23	**2,012,418**	-
Other income	12, 13	**(245)**	-
Loss on settlement on debt		**(7,864)**	-
Impairment of receivables	4	**(1,292,386)**	
Foreign exchange gain (loss)		**(36,648)**	3,445
Total		**$ 675,275**	$ (29,329)

(Unaudited – Expressed in U.S. Dollars)

23. DISPOSAL OF A SUBSIDIARY

During the period ended August 31, 2021 the Company decided to divest from uBuck (acquired in 2019). Subsequently to the portfolio review executed by the board, it has been assessed, that the activities of the uBuck are no longer aligned with the company core competencies. Divestiture has been executed in order to simplify and re-align management's focus on growing its core businesses.

Details of disposal of subsidiaries:

Details of disposal of subsidiaries	**August 12, 2021**	
Consideration received	**$**	**1**
Carrying amount of net assets sold		**(2,015,417)**
Loss on disposal of subsidiary	**$**	**(2,015,416)**

The carrying amounts of assets and liabilities as at the date of disposal:

	August 12, 2021	
Cash and cash equivalents	**$**	**184,518**
Other current assets		**26,499**
Right-of-use assets		**63,681**
Investments		**2,092**
Total assets	**$**	**276,888**
Accounts payable	**$**	**(73,535)**
Current liabilities		**(32,552)**
Due to related parties		**(1,264,242)**
Non-current liabilities		**(34,980)**
Non-controlling interest		**(886,998)**
Total liabilities	**$**	**(2,292,307)**
Net assets	**$**	**(2,015,417)**

24. SUBSEQUENT EVENTS

In September 2021, the Company has granted an aggregate 300,000 incentive stock options (the "Options") to employees of the Company. The Options are exercisable at CAD $0.435 per share for a period of five years from the date of grant and vesting over a four-year period. The Company also entered into a consulting agreement (the "Agreement") with Soykan Garipoglu (the "Consultant") to provide investor relations services. Under the terms of the Agreement, the Consultant shall provide the services in consideration of a monthly payment of CAD $3,500. The Consultant has received 50,000 stock options, exercisable at a price of $0.435 per share and valid for a 3-year term. The options vest quarterly over a 1-year period

On October 20, 2021 the Company opened a new entity Mobilum Technologies USA Inc, registered at 30N Gould St, Ste R, Sheridan, Wyoming 82801 to ensure regulatory and licensing compliance for its operations in North America.

On October 25, 2021, the Company has granted an aggregate 1,400,000 incentive stock options to directors and consultants. The Options are exercisable at CA$0.36 per share for a period of five years from the date of grant and subject to vesting over two years.