

ICESoft Technologies Canada Corp.  
Condensed Consolidated Interim Financial Statements  
*(\$CDN) (Unaudited)*  
*For the period ended June 30, 2022*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the ICESoft Management team.

**ICEsoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Financial Position  
(\$CDN)  
As at

	(Unaudited) June 30, 2022	(Audited) December 31, 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	210,988	712,506
Accounts receivable	192,091	82,031
Prepaid expenses and deposits	60,145	34,936
<b>Total Current Assets</b>	<b>463,224</b>	<b>829,473</b>
Property and equipment	13,191	11,147
<b>TOTAL ASSETS</b>	<b>476,415</b>	<b>840,620</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 11)	919,894	958,691
Current portion of deferred revenue (note 4)	642,351	623,509
Current portion of convertible note (note 6)	100,866	94,915
<b>Total Current Liabilities</b>	<b>1,663,111</b>	<b>1,677,115</b>
Deferred revenue (note 4)	322,945	51,193
Term loan (note 5)	27,871	25,892
<b>Total Liabilities</b>	<b>2,013,927</b>	<b>1,754,200</b>
<b>Shareholders' Deficiency</b>		
Share capital (note 7)	27,826,697	27,826,697
Equity portion of convertible notes (note 6)	6,074	6,074
Warrants (note 8)	384,754	1,253,223
Reserves (note 9)	4,624,835	3,756,366
Foreign currency translation reserve	(1,882,449)	(1,852,695)
Deficit	(32,497,423)	(31,903,245)
<b>Total Shareholders' Deficiency</b>	<b>(1,537,512)</b>	<b>(913,580)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>	<b>476,415</b>	<b>840,620</b>

Going concern (note 1)

Approved on behalf of the Board of Directors

'Brian McKinney' \_\_\_\_\_, Director

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

**ICESoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(\$CDN) (Unaudited)  
For the periods ended

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues (note 3)</b>				
Subscription income	351,117	304,235	693,005	600,290
Other	4,943	3,343	7,137	4,138
<b>Total Revenue</b>	<b>356,060</b>	<b>307,578</b>	<b>700,142</b>	<b>604,428</b>
<b>Cost of Revenue</b>				
Information services	114,510	69,441	230,126	145,680
<b>Total Cost of Revenue</b>	<b>114,510</b>	<b>69,441</b>	<b>230,126</b>	<b>145,680</b>
<b>Total Gross Profit</b>	<b>241,550</b>	<b>238,137</b>	<b>470,016</b>	<b>458,748</b>
<b>Expenses (note 11)</b>				
Research and development	289,313	274,395	581,084	554,936
General and administrative	117,921	97,298	206,579	179,841
Sales, marketing, and operations	148,786	136,889	264,032	269,399
<b>Total Expenses</b>	<b>556,020</b>	<b>508,582</b>	<b>1,051,695</b>	<b>1,004,176</b>
<b>Net Operating Loss</b>	<b>(314,470)</b>	<b>(270,445)</b>	<b>(581,679)</b>	<b>(545,428)</b>
<b>Other Income (Expense)</b>				
Government assistance – COVID-19	-	-	-	39,393
Finance expense (note 10)	(4,685)	(4,644)	(9,340)	(9,580)
Foreign exchange	(1,827)	634	(3,159)	634
<b>Total Other Income (Expense)</b>	<b>(6,512)</b>	<b>(4,010)</b>	<b>(12,499)</b>	<b>30,447</b>
<b>Net Loss</b>	<b>(320,982)</b>	<b>(274,455)</b>	<b>(594,178)</b>	<b>(514,981)</b>
<b>Other Comprehensive Income (Loss)</b>				
<b>Items which may be subsequently reclassified to profit or loss</b>				
Translation of foreign operations	(31,443)	2,744	(29,754)	16,370
<b>Comprehensive loss</b>	<b>(352,425)</b>	<b>(271,711)</b>	<b>(623,932)</b>	<b>(498,611)</b>
<b>Loss per share - basic and diluted (note 7 (iii))</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>

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

**ICESoft Technologies Canada Corp.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency  
 (\$CDN) (Unaudited)  
 For the periods ended

	Share Capital \$	Equity component of convertible notes \$	Warrants \$	Reserves \$	Deficit \$	Accumulated Other Comprehensive Loss \$	Total \$
Balance December 31, 2020	26,861,053	6,074	948,114	3,541,349	(30,813,880)	(1,824,642)	(1,281,932)
Expiration of warrants (note 8 and 9)	-	-	(190,466)	190,466	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(514,981)	16,370	(498,611)
<b>Balance June 30, 2021</b>	<b>26,861,053</b>	<b>6,074</b>	<b>757,648</b>	<b>3,731,815</b>	<b>(31,328,861)</b>	<b>(1,808,272)</b>	<b>(1,780,543)</b>
Balance December 31, 2021	27,826,697	6,074	1,253,223	3,756,366	(31,903,245)	(1,852,695)	(913,580)
Expiration of warrants (note 8 and 9)	-	-	(868,469)	868,469	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(594,178)	(29,754)	(623,932)
<b>Balance June 30, 2022</b>	<b>27,826,697</b>	<b>6,074</b>	<b>384,754</b>	<b>4,624,835</b>	<b>(32,497,423)</b>	<b>(1,882,449)</b>	<b>(1,537,512)</b>

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

**ICEsoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Cash Flows  
(\$CDN) (Unaudited)  
For the periods ended

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	(320,982)	(274,455)	(594,178)	(514,981)
Add back (deduct) items not involving cash:				
Finance expense (note 10)	2,993	2,984	5,952	5,935
Amortization of property and equipment	601	429	1,110	429
Amortization of right of use asset	-	5,268	-	10,537
	<b>(317,388)</b>	<b>(265,774)</b>	<b>(587,116)</b>	<b>(498,080)</b>
Changes in non-cash working capital items:				
Accounts receivable	8,317	77,990	(110,060)	13,304
Prepaid expenses and deposits	(3,517)	(2,220)	(25,209)	1,058
Accounts payable and accrued liabilities	16,613	109,943	(38,797)	89,858
Deferred revenue (note 4)	65,067	(16,243)	290,594	281,801
<b>Net cash used in operating activities</b>	<b>(230,908)</b>	<b>(96,304)</b>	<b>(470,588)</b>	<b>(112,059)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of lease liability	-	(5,275)	-	(10,294)
<b>Net cash generated by financing activities</b>	<b>-</b>	<b>(5,275)</b>	<b>-</b>	<b>(10,294)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment	(3,154)	(2,320)	(3,154)	(2,320)
<b>Net cash generated by investing activities</b>	<b>(3,154)</b>	<b>(2,320)</b>	<b>(3,154)</b>	<b>(2,320)</b>
<b>Effect of change in foreign exchange rates on cash</b>	<b>(30,437)</b>	<b>(8,262)</b>	<b>(27,776)</b>	<b>(16,573)</b>
<b>Change in cash for the period</b>	<b>(264,499)</b>	<b>(112,161)</b>	<b>(501,518)</b>	<b>(141,246)</b>
Cash, beginning of the period	475,487	138,466	712,506	167,551
<b>Cash, end of the period</b>	<b>210,988</b>	<b>26,305</b>	<b>210,988</b>	<b>26,305</b>

See note 10 for the details of non-cash transactions.

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

# ICESoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

(\$CDN) (Unaudited)

For the period ended June 30, 2022

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## NATURE OF OPERATIONS

ICESoft Technologies Canada Corp. (the "Corporation" or "ICESoft"), was incorporated on May 10, 2002 under the Canada Business Corporations Act. ICESoft and its subsidiaries develop and license a comprehensive suite of web technologies and Software as a Service (SaaS) solutions for both enterprise and government clients. The Corporation's primary products consist of the Clickware products including ICEfaces and ICEpdf, and the SaaS-based Voyent Alert! Notification Service licensed to government and enterprise clients on a subscription basis.

ICESoft's head office is located at 261, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

These condensed consolidated interim financial statements of the Corporation as at June 30, 2022 and December 31, 2021 and for the periods ended June 30, 2022 and 2021 ("Financial Statements") consist of the Corporation and its wholly-owned subsidiaries. ICESoft wholly owns ICESoft Technologies Holdings Ltd., which acts as the Corporation's main Canadian operating entity; and wholly owns ICESoft Technologies Inc., incorporated in the State of Delaware, which acts as the United States operating entity.

### 1. GOING CONCERN

These Financial Statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

As at June 30, 2022, the Corporation had negative net working capital of \$1,199,887 (December 31, 2021 - \$847,642) and an accumulated deficit of \$32,497,423 (December 31, 2021 - \$31,903,245). The Corporation incurred a net loss during the six months ended June 30, 2022 of \$594,178 (six months ended June 30, 2021 – loss of \$514,981).

The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2022 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances. The Corporation will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as needed until the Corporation succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

## 2. BASIS OF PRESENTATION

(a) Statement of compliance

These Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee (IFRIC's).

The Financial Statements were approved and authorized for issue by the Board of Directors on August 24, 2022.

(b) Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value, and are expressed in in Canadian dollars unless otherwise indicated. Other measurement bases used are detailed in the Corporation's annual consolidated financial statements ("Annual Financial Statements").

Certain comparative figures have been reclassified to conform to the current period's presentation.

The notes presented in these Financial Statements include only significant events and transactions occurring since the Corporation's last fiscal year end and are not fully inclusive of all matters required to be disclosed by IFRS in the Corporation's annual consolidated financial statements. As a result, these Financial Statements should be read in conjunction with the Annual Financial Statements.

These Financial Statements follow the same accounting policies and methods of application as the most recent Annual Financial Statements.

## 3. REVENUE

The Corporation disaggregates revenue by two major service lines: (1) "Clickware" and (2) "Voyent Alert" revenue. Both categories include subscription revenue earned on software access licence agreements and support and maintenance revenue earned from providing customer-requested assistance and updates within the reporting period.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Revenue by major category</b>				
Clickware				
Subscription income	232,154	244,349	467,844	487,473
Voyent Alert				
Subscription income	118,963	59,886	225,161	112,817
Customizations and upgrades	350	1,350	2,250	1,350
User fees	4,593	1,993	4,887	2,788
<b>Total</b>	<b>356,060</b>	<b>307,578</b>	<b>700,142</b>	<b>604,428</b>

**ICEsoft Technologies Canada Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

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**4. DEFERRED REVENUE**

Timing differences between invoicing, cash collection, and revenue recognition result in accounts receivable and also result in deferred revenue on the consolidated statements of financial position. Amounts are billed in accordance with the terms of each customer contract. For most contracts, the Corporation receives payments for contract subscriptions prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue.

All deferred revenue recorded in 2021 and 2022 relates to certain subscription agreements. Changes in deferred revenue during the periods consist of:

	June 30, 2022	December 31, 2021
	\$	\$
<b>Deferred revenue</b>		
Opening balance	674,702	611,367
Sales collected	715,803	1,269,234
Recognized in revenue		
From opening balances	(474,651)	(611,367)
From additions in the period	(217,518)	(645,776)
Foreign exchange effect	266,960	51,244
<b>Total deferred revenue</b>	<b>965,296</b>	<b>674,702</b>
Less: current portion	(642,351)	(623,509)
<b>Long-term portion</b>	<b>322,945</b>	<b>51,193</b>

As at June 30, 2022, revenues allocated to remaining performance obligations from subscription contracts, which extend through to 2023, total approximately \$965,296. Of this amount, approximately \$642,351 is expected to be recognized in the remainder of 2022 and \$322,945 in 2023.

**5. TERM LOANS**

A summary of the term loans outstanding is as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Canada Emergency Business Account (CEBA) note payable, unsecured and interest free, with 25% debt forgiveness if repaid by December 31, 2023	27,871	25,892
<b>Total debt outstanding</b>	<b>27,871</b>	<b>25,892</b>
Less: current portion	-	-
<b>Long-term portion</b>	<b>27,871</b>	<b>25,892</b>

**ICESoft Technologies Canada Corp.**  
Notes to the Condensed Consolidated Interim Financial Statements  
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**6. CONVERTIBLE NOTES**

The balance of convertible notes as of June 30, 2022 and December 31, 2021 is reconciled as follows:

	June 30, 2022 \$	December 31, 2021 \$
<b>Opening Balance</b>	<b>94,915</b>	<b>94,998</b>
Modification of notes	-	(5,085)
Accretion	-	4,827
Interest accrued	5,951	12,175
Interest paid	-	(12,000)
<b>Total debt outstanding</b>	<b>100,866</b>	<b>94,915</b>
Less: current portion	(100,866)	(94,915)
<b>Long-term portion</b>	<b>-</b>	<b>-</b>

The outstanding note as at June 30, 2022 bears interest at 12% per annum and is due December 11, 2022. The note is convertible to common shares at a conversion price of \$0.15 per share. In addition, for each dollar of principal, the purchaser received one warrant that can be converted to ten common shares of the Corporation at a purchase price of \$0.20 per shares. During the year ended December 31, 2020, an additional 300,000 warrants with the same terms were granted due to an extension of the notes maturity date.

**7. SHARE CAPITAL**

The Corporation is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value. No Preferred Shares were issued in the current period or prior year.

The Corporation has the following Common Shares issued and outstanding:

	Number of Shares #	Share Capital \$
<b>Balance, December 31, 2020</b>	<b>80,116,026</b>	<b>26,861,053</b>
Issuance of shares with units for cash (i)	30,000,000	973,149
Issuance of shares on settlement of notes (ii)	2,000,000	64,877
Share issuance costs	-	(72,382)
<b>Balance, December 31, 2021</b>	<b>112,116,026</b>	<b>27,826,697</b>
<b>Balance, June 30, 2022</b>	<b>112,116,026</b>	<b>27,826,697</b>

- (i) During the year ended December 31, 2021, the Corporation issued 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one common share purchase warrant. The warrants have an exercise price of \$0.08 per share and expire three years from the date of issuance. The warrants were assigned a fair value of \$526,851, less issuance costs, based on the relative fair value of the shares and warrants.

## ICEsoft Technologies Canada Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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For the period ended June 30, 2022

- (ii) During the year ended December 31, 2021, the Corporation issued 2,000,000 units on the settlement of a term loan, note payable, and deferred wages owed to the President and CEO, at a price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant. The warrants have an exercise price of \$0.08 per share and expire three years from the date of issuance. The warrants were assigned a fair value of \$35,123, less issuance costs, based on the relative fair value of the shares and warrants.
- (iii) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 112,116,026 for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 – 80,116,026). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted income per share for the three and six months ended June 30, 2022 and 2021, as they would be anti-dilutive.

### 8. WARRANTS

Warrants are used to recognize the fair value of financial instruments which are granted to agents of the Corporation typically as a form of compensation related to capital raising activities. When warrants are subsequently exercised, the fair value of such warrants is credited to the share capital account. When warrants expire, their value is credited to reserves.

	\$
<b>Balance, December 31, 2020</b>	<b>948,114</b>
Warrants issued with units for cash	526,851
Warrants issued in units on settlement of debt	35,123
Expired warrants	(214,876)
Equity issuance costs	(41,989)
<b>Balance, December 31, 2021</b>	<b>1,253,223</b>
Expired warrants	(868,469)
<b>Balance, June 30, 2022</b>	<b>384,754</b>

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
<b>Outstanding at December 31, 2020</b>	<b>34,140,400</b>	<b>0.16</b>	
Issued in unit issuance	30,000,000	0.08	September 2024
Issued in unit issuance via settlement of debt	2,000,000	0.08	September 2024 June, August, September, November and December 2021
Expired	(10,932,482)	0.20	December 2021
<b>Outstanding at December 31, 2021</b>	<b>55,207,918</b>	<b>0.11</b>	
Expired	(19,097,002)	0.19	March and April 2022
<b>Outstanding at June 30, 2022</b>	<b>36,110,916</b>	<b>0.09</b>	

No warrants were exercised during the six months ended June 30, 2022 or the year ended December 31, 2021. The weighted average remaining life of all warrants outstanding at June 30, 2022 is 2.15 years (December 31, 2021 – 1.81 years).

**ICEsoft Technologies Canada Corp.**  
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The fair value of the warrants used in the input into the bifurcation of Units and of other warrants issued was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	<b>Six months ended June 30, 2022</b>	<b>Year ended December 31, 2021</b>
Exercise Price	\$0.08	\$0.08
Share Price	\$0.065	\$0.055
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	1.00%	1.00%
Expected life of warrants	3 years	3 years
Expected volatility	50.00%	100.00%

## 9. RESERVES

Reserves are used to recognize the fair value of stock options granted and the fair market value of expired warrants. When options are subsequently exercised, the fair value of such options in reserves are credited to share capital. Should the options expire unexercised, their fair market value remains in the reserves account.

<b>Reserves</b>	<b>\$</b>
<b>Balance, December 31, 2020</b>	<b>3,541,349</b>
Stock-based compensation expense	140
Expired warrants	214,877
<b>Balance, December 31, 2021</b>	<b>3,756,366</b>
Expired warrants	868,469
<b>Balance, June 30, 2022</b>	<b>4,624,835</b>

The Corporation has a stock option plan ("the Plan"). Under the Plan, the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares. The maximum number of common shares reserved for issuance under the Plan shall not exceed 15% of the then issued and outstanding common shares of the Corporation. The options will be exercisable for a period of up to ten years. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture Exchange.

A summary of the Plan transactions for the six months ended June 30, 2022 and for the year ended December 31, 2021 are as follows:

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Number of Options</b>	<b>Weighted average exercise price</b>
<b>Outstanding at beginning of period</b>	6,018,000	0.10	6,615,000	0.11
Options granted	-	-	3,000	0.08
Options expired	-	-	(600,000)	0.10
<b>Outstanding at end of period</b>	<b>6,018,000</b>	<b>0.10</b>	<b>6,018,000</b>	<b>0.10</b>
<b>Exercisable at end of period</b>	<b>6,018,000</b>	<b>0.10</b>	<b>6,018,000</b>	<b>0.10</b>

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The weighted average remaining life of all options outstanding at June 30, 2022 is 1.87 years (December 31, 2021 – 2.37 years).

No options were exercised during the six months ended June 30, 2022 or the year ended December 31, 2021.

**10. FINANCE EXPENSE**

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on convertible notes	2,993	2,984	5,952	5,935
Interest on lease liability	-	556	-	1,324
Other finance expense	1,692	1,104	3,388	2,321
	<b>4,685</b>	<b>4,644</b>	<b>9,340</b>	<b>9,580</b>

In the three and six months ended June 30, 2022, finance expense includes non-cash interest of \$2,993 and \$5,952 (three and six months ended June 30, 2021 - \$2,984 and \$5,935) on the convertible note.

**11. RELATED PARTY TRANSACTIONS AND PERSONNEL COSTS**

The Corporation considers its key management personnel to be its Chief Executive Officer, Chief Financial Officer, directors, and close family members of the previously mentioned individuals. Key management compensation is comprised of wages and salaries, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the three and six months ended June 30, 2022, key management compensation amounted to \$66,772 and \$133,558 (three and six months ended June 30, 2021 - \$77,617 and \$163,639), split between general and administrative, marketing and customer operations, and research and development expenses, based on work performed.

Key management personnel have accounts payable owing from the Corporation, including payroll and vacation accruals, in the amount of \$515,120 at June 30, 2022 (December 31, 2021 - \$513,422).

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$466,430 and \$894,627 for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 - \$439,524 and \$872,817), split between general and administrative, marketing and customer operations, and research and development expenses, based on work performed.

**12. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Due to the short-term nature of cash, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. The carrying amounts of the term loan and convertible note approximate their fair value due either to the interest rate approximating market rates or because of the short period to maturity.