Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Prospect Park Capital Corp.. (the "**Company**" or "**PPK**")
Suite 6000, 1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1E2

1.2 Executive Officer

Below is the name and business telephone number of an executive officer of the Company who is knowledgeable about the significant acquisition and this Report:

James Greig, Chief Executive Officer
(778) 788-2745

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

The Company and Diitalk Communications Inc. ("**Diitalk**") completed a three-cornered amalgamation (the "**Transaction**") under the *Business Corporations Act* (British Columbia) pursuant to an amalgamation agreement dated September 3, 2021 (the "**Amalgamation Agreement**") among the Company, PPK Acquisition Corp. ("**Subco**"), a wholly-owned subsidiary of the Company, and Diitalk. Pursuant to the Transaction, Diitalk amalgamated with Subco, with the amalgamated company continuing as a wholly-owned subsidiary of PPK.

2.2 Acquisition Date

October 13, 2021

2.3 Consideration

Pursuant to the Amalgamation Agreement, PPK issued an aggregate of 15,000,000 common shares of PPK ("**PPK Shares**") to the then current shareholders of Diitalk in exchange for all of the issued and outstanding common shares of Diitalk ("**Diitalk Shares**").

The PPK Shares were issued to the then holders of Diitalk Shares on a basis of approximately 0.1991466213325970 PPK Share for every one Diitalk Share.

2.4 Effect on Financial Position

The Company does not currently have any plans or proposals for material changes in its business affairs or the affairs of Diitalk which may have a significant effect on the financial performance and financial position of the Company.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

The Acquisition was not with an informed person, associate or affiliate of the Company as those terms are defined under applicable securities legislation.

2.7 Date of Report

February 3, 2022

Item 3 Financial Statements and Other Information

Diitalk's consolidated audited annual financial statements for the financial years ended August 31, 2021 and August 31, 2020 are included herein and form a part hereof.

The Company has not requested or obtained the consent of Diitalk's auditors to include their auditor's reports in this Business Acquisition Report.

DIITALK COMMUNICATIONS INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the years ended August 31, 2021 and 2020

(Stated in Canadian Dollars)

DIITALK COMMUNICATIONS INC.

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Diitalk Communications Inc.

Opinion

I have audited the financial statements of Diitalk Communications Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2021 and 2020, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the years ended August 31, 2021 and 2020 and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $501,258 during the year ended August 31, 2021 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $4,627,216 since its inception, and expects to incur further losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Chartered Professional Accountant

Burnaby, BC, Canada
February 2, 2022

DIITALK COMMUNICATIONS INC.
Statements of Financial Position
(Stated in Canadian Dollars)
As at

	Notes		August 31, 2021		August 31, 2020
Assets					
Current assets					
Cash and cash equivalents		$	**2,207**	$	4,627
Share subscriptions receivable	11		**9,550**		9,550
Goods and services tax recoverable			**15,090**		12,927
			26,847		27,104
Non-current assets					
Property and Equipment	6		**22,323**		63,788
Intangible asset	7		**2,082,837**		2,757,728
Total assets		$	**2,132,007**	$	2,848,620
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	12	$	**157,055**	$	372,576
Wages and benefits payable			**117,671**		288,728
Loan payable			**34,300**		-
			309,026		661,304
Long-term loans and Government Grants	8		**51,582**		30,703
Lease liability	9		**-**		39,671
Convertible debenture	10		**155,795**		-
			516,403		731,678
Shareholders' equity					
Common shares issued	11		**4,003,991**		4,003,991
Common shares allotted	11		**1,890,950**		1,890,950
Equity reserve			**347,879**		347,879
Accumulated deficit			**(4,627,216)**		(4,125,958)
Total shareholders' equity			**1,621,604**		2,116,862
Total liabilities and shareholders' equity		$	**2,132,007**	$	2,848,620

Approved on behalf of the Board:

/s/ "Rob Birmingham"
Director

/s/ "Anthony Zelen"
Director

The accompanying notes form an integral part of these financial statements.

DIITALK COMMUNICATIONS INC.
Statements of Comprehensive Loss
(Stated in Canadian Dollars)
For the years ended August 31, 2021 and 2020

	Notes	August 31, 2021	August 31, 2020
		$	$
Revenues		**1,388**	2,481
Expenses			
Accretion	8	**4,984**	1,096
Advertising and promotion		**(1,000)**	18,811
Authentication and other service expenses		**8,000**	20,144
Amortization	7	**674,891**	679,906
Bank charges and interest		**3,586**	11,523
Consulting fees	12	**9,381**	192,368
Computer and internet expenses		**23,633**	45,565
Depreciation	6	**41,465**	63,383
Listing and filing fees		**7,340**	-
Office and miscellaneous		**4,695**	14,164
Professional fees	12	**66,613**	41,516
Rent		**-**	6,219
Salaries and benefits	8	**-**	282,101
Telephone		**1,750**	8,271
Travel and entertainment		**-**	2,849
Total expenses before other items		**(849,271)**	(1,387,916)
Other items			
Forgiveness of debts	12	**342,519**	
Government grant	8	**4,106**	10,393
Net and comprehensive loss		**(501,258)**	(1,375,042)
Basic and diluted loss per share allotted		**(0.02)**	(0.02)
Weighted average shares allotted		**75,321,387**	72,331,686

DIITALK COMMUNICATIONS INC.
Statements of Cash Flows
For the years ended August 31, 2021 and 2020
(Stated in Canadian Dollars)

	August 31, 2021	August 31, 2020
	$	$
Operating activities		
Net loss for the year	**(501,258)**	(1,375,042)
Add items not involving cash:		
Amortization	**674,891**	679,906
Depreciation	**41,465**	63,383
Changes in non-cash working capital balances:		
Share subscriptions receivable	**-**	191,550
Goods and services tax receivable	**(2,163)**	(12,927)
SR&ED investment tax credit receivable	**-**	174,458
Accounts payable and accrued liabilities and wages payable	**(386,578)**	220,654
Loan payable	**34,300**	-
Net cash used in operating activities	**(139,343)**	(58,018)
Investing activities		
Right-Of-Use Asset	**-**	(83,573)
Acquisition of tangible asset	**-**	(465,300)
Net cash used for investing activities	**-**	(548,873)
Financing activities		
Lease liability	**(39,671)**	39,671
Convertible debenture	**155,795**	-
Long-term loans	**20,879**	30,703
Allotment of common shares	**(80)**	84,900
Share subscription received	**-**	(7,500)
Shares allotted for intangible assets	**-**	465,300
Net cash provided by financing activities	**136,923**	613,074
Increase (decrease) in cash and cash equivalents during the year	**(2,420)**	6,183
Cash and cash equivalents, beginning of the year	**4,627**	(1,556)
Cash and cash equivalents, end of the year	**2,207**	4,627

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

DIITALK COMMUNICATIONS INC.
Statements of Changes in Equity (Deficiency)
For the years ended August 31, 2021 and 2020
(Stated in Canadian Dollars)

	Notes	Shares		Amount		Share subscriptions		Equity Reserve		Accumulated Deficit		Total
Balance, August 31, 2019		**70,671,386**	**$**	**$5,344,741**	**$**	**7,500**	**$**	**347,879**	**$**	**(2,750,916)**	**$**	**2,949,204**
Net loss for the year		-		-		-		-		(1,375,042)		**(1,375,042)**
Shares allotted	7	3,102,001		465,300		-		-		-		**465,300**
Shares allotted		-		7,500		(7,500)		-		-		**-**
Shares allotted	11	1,548,000		77,400		-		-		-		**77,400**
Balance, August 31, 2020		**75,321,387**	**$**	**5,894,941**	**$**	**-**	**$**	**347,879**	**$**	**(4,125,958)**		**2,116,862**
Net loss for the year		-		-		-		-		(501,258)		(501,258)
Balance, August 31, 2021		**75,321,387**	**$**	**5,894,941**	**$**	**-**	**$**	**347,879**	**$**	**(4,627,216)**		**1,615,604**

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

1. Corporate Information

Diitalk Communications Inc. (the "Company") was incorporated on December 5, 2017 under the Business Corporations Act (British Columbia), Canada. The Company is a development stage company, its sole holding is an Asset Purchase Agreement dated February 12, 2018, as amended on July 1, 2020 with Dingaling Communications Inc., a corporation incorporated under the laws of the province of Saskatchewan, Canada The Company is in the business of operating a rewards-based communication platform and the provision of services in connection therewith, including, without limitation, VOIP calling, SMS messaging, analytics engine, mobile apps and add engines.

The address of the Company's registered office and principal place of business is Suite 1500, 701 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1C6.

2. Basis of Presentation

a) Statement of Compliance

These financial statements for the year ended August 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The financial statements were authorized for issue by the Board of Directors on February 2, 2022.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) Going Concern

These financial statements (the "Financial Statements") have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the continued financial support from its management and shareholders, the ability of the Company to obtain necessary equity financing, and to generate sustainable revenues from its production activities. These factors form a material uncertainty that raises a significant doubt regarding the Company's ability to continue as a going concern. For the year ended August 31, 2021, the Company reported a net loss of $501,258 (2020 - $1,375,042) and as at that date had an accumulated deficit of $4,627,216 (2020 - $4,125,958). As of August 31, 2021, the Company had net working capital deficit of $282,179 (2020 - $634,200).

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has a plan in place to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

2. Basis of Presentation - *continued*

b) Going Concern - *continued*

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. Critical Accounting Estimates and Judgements

Diitalk Communications Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments and Derivatives Liabilities related to Equities

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8(d).

Similar judgement and estimates to the share-based payments are used to determine the fair value of derivative liabilities related to warrants denominated in U.S. dollars. The assumptions and models used for estimating the fair value for derivative liabilities are disclosed where applicable.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

3. Critical Accounting Estimates and Judgements - *continued*

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgement is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Advertising Services Revenue

Revenue for the Company's advertising services is recognized as services are performed.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Cash and cash equivalents

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

b) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

4. Summary of Significant Accounting Policies - *continued*

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation and amortization

Depreciation and amortization rates are estimated over their useful lives applicable to each category of equipment and intangible asset on a declining basis (DB) or straight-line basis (S/L) are as follows:

Right-Of-Use asset	Lease term S/L
Intangible asset	4 to 6 Years S/L
Furniture and equipment	20% DB
Computer equipment	30% DB

Depreciation and amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) Impairment of Non-Financial Assets

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amounts, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is assessed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

d) Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

4. Summary of Significant Accounting Policies - *continued*

e) Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

f) Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is also the functional currency.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a re-valued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

4. Summary of Significant Accounting Policies - *continued*

g) Share-based Payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in contributed surplus in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized as stock-based compensation expense (Note 8(e)).

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized as employee benefits expense.

4. Summary of Significant Accounting Policies – *continued*

h) Financial Assets

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

4. Summary of Significant Accounting Policies – *continued*

h) Financial Assets

Impairment of Financial Assets at amortized cost

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

Financial Liabilities

- The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.
- A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the
- amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.
- Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	IFRS9	IAS 39	
	New Classification	Original Classification	Measurement Model
Cash	FVTPL	FVTPL	FVTPL
Other receivables	Amortized cost	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost
Loan term loans	Amortized cost	Other liabilities	Amortized cost

4. Summary of Significant Accounting Policies – *continued*

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants not denominated in a foreign currency are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, warrants, or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company's ordinary shares are classified as equity instruments.

j) **SR &ED Investment Tax Credits**

The Company claims federal and provincial (British Columbia) investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Federal and provincial SR&ED investment tax credits are recognized when the related expenditures are incurred and there are reasonable assurance of their realization. Federal and provincial SR&ED investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the federal and provincial SR&ED investment tax credit claim. It is possible that the allowed amount of the federal and provincial SR&ED investment tax credit claim could be materially different from the recorded amount upon assessment by the Canada Revenue Agency.

k) Leases

On September 1, 2019, the company, adopted on a modified retrospective basis, for the first time, IFRS 16 - Leases. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, of the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

(Stated in Canadian Dollars)

5. SR & ED Investment Tax Credits

During the year, the Company recorded federal and provincial investment tax credits of $Nil ($174,458 in 2019) as a reduction of research and development wages and benefits expense. The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada.

In June 2020, the Company received the $174,458 of federal and British Columbia SR&ED investment tax credits.

These claims are subject to audit by the Canada Revenue Agency.

6. Equipment

		Right-Of-Use Asset		Furniture and Equipment		Computer Equipment		Total
Cost:								
August 31, 2019	$	-	$	8,892	$	62,514	$	71,406
Additions		83,573		-		-		83,573
At August 31, 2020 and 2021	**$**	**83,573**	**$**	**8,892**	**$**	**62,514**	$	**154,979**
Depreciation:								
At August 31, 2019		-		2,490		25,318		27,808
Depreciation		50,944		1,280		11,159		63,383
At August 31, 2020		**50,944**		**3,770**		**36,477**		**91,191**
Depreciation		32,629		1,025		7,811		41,462
At August 31, 2021		**83,573**		**4,795**		**44,288**		**132,656**
Net book value at August 31, 2020	**$**	**32,629**	**$**	**5,122**	**$**	**26,037**	**$**	**63,788**
Net book value at August 31, 2021	**$**	**-**	**$**	**4,097**	**$**	**18,226**	**$**	**22,323**

7. Intangible Asset

On February 12, 2018, the Company entered into an Asset Purchase Agreement with Dingaling Communications Inc. ("Dingaling") in which the Company purchased properties and rights owned by Dinagling for $475,000, which includes $50,660 for computer equipment. These properties and rights include all fixed assets as well as any and all intellectual property owned by Dingaling which includes, but not limited to; inventions, methods and processes, copyrights, software, trademarks as defined in details in the Asset Purchase Agreement.

Pursuant to an Asset Purchase Agreement Amending Agreement dated July 1, 2020 to the Asset Purchase Agreement dated February 12, 2018 between the Company and Dingaling Communications Inc. ("Dingaling") in which the Company purchased properties and rights owned by Dinagling for $475,000; the Asset Purchase Agreement is hereby amended as follows:

(a) Issuing 38,489,719 common shares in the capital stock of the Company at a fair value of $0.10 to $0.15 per common share;

(Stated in Canadian Dollars)

7. Intangible Asset - *continued*

(b) From the Time of Closing until the fifth (5th) anniversary of the Time of Closing, the Company shall be entitled to a three (3%) percent royalty on the gross revenue derived from the business of Dingaling, payable monthly in cash, which shall not exceed an aggregate of $250,000 within such five (5) year period.

The intangible asset in the sum of $4,428,411 includes 35,387,718 shares issued at a fair value of $0.10 per share and 3,102,001 shares issued at a fair value of $0.15 per share and is amortized on a straight-line basis over the estimated useful life of four to six years and assessed for indications of impairment at the end of each year. For the year ended August 31, 2021, the Company recorded $674,891 (2020 - $679,906) of amortization related to this asset. The amortization period is reviewed at least annually.

		Intangible Asset
Cost:		
Cash		424,339
Issuance of 35,387,718 common shares at $0.10 per common share		3,538,771
At August 31, 2019		3,963,110
Issuance of 3,102,001 common shares at $0.15 per common share		465,301
At August 31, 2020 and 2021		**4,428,411**
Amortization:		
At December 5, 2017		-
Amortization		330,259
At August 31, 2018		330,259
Amortization		660,518
At August 31, 2019		990,777
Amortization		679,906
At August 31, 2020		1,670,683
Amortization		674,891
At August 31, 2021		2,345,574
Net book value at August 31, 2020	$	2,757,728
Net book value at August 31, 2021	**$**	**2,082,837**

According to the terms of the Asset Purchase Agreement dated February 12, 2018, $400,000 was paid in cash and 35,387,718 common shares issued at a fair value of $0.10 per share. Additionally, $75,000 which was due within three months of the date on which the common shares of Company are to be listed on an Exchange have been accrued in these financial statements for a total of $475,000**.** During the year ended August 31, 2020, $75,000 (2019 - $68,000) of the $75,000 payable has been paid.

(Stated in Canadian Dollars)

8. Long-term Loan and government grants

The Company obtained a Canada Emergency Business Account {CEBA) loan in the amount of $40,000 from the Bank of Montreal guaranteed by the Canadian government. This loan is non-interest bearing until December 31, 2022 and repayment of the loan prior to December 31, 2022 will result on loan forgiveness of 25% or $10,000. After January 1, 2023, the loan may be converted into a 3-year term loan at a fixed annual interest rate of 5%.

The CEBA loan was initially fair valued using a discount rate of 12% and was measured at $29,607 with difference of $10,393 being recognized as a government grant on the statement of loss during the year ended August 31, 2020. The accretion expense of $3,685 (2021 - $1,096) was recorded on this CEBA loan during the year ended August 31, 2021.

On January 7, 2021, the Company applied for the $20,000 Canadian Emergency Business Account ("CEBA") Expansion loan of $20,000 to the $40,000 granted previously. The funds are interest-free until June 30, 2021. On July 1, 2021, any outstanding balance on the line of credit will be automatically converted to a term loan and reman interest-free until December 31, 2022. An interest rate of 5% will be applied to any outstanding unpaid balance of the CEBA loan beginning January 1, 2023. The CEBA loan must be repaid in full no later than December 31, 2025.

The CEBA loan was initially fair valued using a discount rate of 12% and was measured at $15,894 with difference of $4,106 being recognized as a government grant on the statement of loss during the year ended August 31, 2021. The accretion expense of $1,299 was recorded on this CEBA loan during the year ended August 31, 2021.

The CEBA loan forgiveness repayment deadline has been extended from December 31, 2022 to December 31, 2023. See Note 18 Subsequent events.

Wages and benefits expenses are presented net of $75,382 (2020 - $24,324) in subsidies received from the Federal Canada Emergency Wage Subsidy program (CEWS).

9. Lease Liability

On September 1, 2019 the Company entered into a lease agreement for office and assembly floor space for future minimum annual operating lease commitments of $83,573 for one year and 9 months ending June 1, 2020.

The Company has recorded this lease as a Right-Of-Use Asset and lease liability in the statement of financial position as at August 31, 2020. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The effect of discounting the lease payments using an interest rate of 12%, which is the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below.

Balance, August 31, 2019	$	-
Fair value, initial measurement		83,573
Lease payments		(43,902)
Balance, August 31, 2020	$	39,671
Lease payments		(39,671)
Balance, August 31, 2021		-

Gross lease obligation - minimum lease payments	
9 months	41,681
Future interest expense on lease obligations	(2,010)
	39,671

(Stated in Canadian Dollars)

10. Convertible Debenture

	August 31, 2021	August 31, 2020
Loan payable - Prospect Park Capital Corp.	**155,795**	-
	$ 155,795	$ -

On April 12, 2021, the Company issued a $150,000 principal amount convertible debenture to Prospect Park Capital Corp. (PPK) that bears interest at a rate of 10.0% per annum payable semi-annually that matures on April 12, 2023. At the option of PPK, the principal amount and accrued and unpaid interest under the debenture is convertible into common shares of the Company at $0.02 per share. See Note 19 – Events after the Reporting Date.

11. Share Capital

a) Authorized:

Unlimited common shares without par value.
Unlimited Class A non-voting, convertible, redeemable, non-cumulative 6% preferred shares without par value.

b) Issued, Allotted and Outstanding:

During the year ended August 31, 2021**:**

No shares were allotted and subscribed for**.**

During the year ended August 31, 2020:

By Directors Resolution, 3,102,001 common shares were allotted at a fair value of $0.15 per share for a total of 38,489,720 common shares for the Intangible Assets (the Asset Purchase Amending Agreement dated July 1, 2020 in Note 7 to the financial statements).

The Company has allotted for issuance the following common share subscriptions:

# of shares	Price per unit	Amount
1,548,000 private placement unit subscriptions	0.05	$77,400
3,102,001 private placement unit subscriptions	0.15	$472,800

(Stated in Canadian Dollars)

11. Share Capital – *continued*

c) Share-based Compensation

Options Issued to Employees and Non-Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the expected forfeiture rate and the risk-free interest rate for the term of the option. Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

There were no stock options granted for the years ended August 31, 2021, 2020 and 2019.

	Number of Options		Weighted Average Exercise Price
Outstanding, December 5, 2017	-	$	-
Granted	5,000,000		0.15
Cancelled, February 25, 2021	(3,080,000)		0.15
Outstanding, August 31, 2020 and 2021	**1,920,000**	$	**0.15**

On February 25, 2001 pursuant to Settlement Agreements due to related parties, 3,080,000 stock options, exercisable at $0.15 per share were cancelled.

As at August 31, 2020, the exercise price for options outstanding under the Company Stock Option Plan is $0.15. and the weighted average remaining contractual life for stock options under the Company Stock Option Plan is 1.96 years. The 5,000,000 stock options expire on August 21, 2023.

d) Warrants

The number of warrants outstanding at August 31, 2021 and 2020, each exercisable into one common share, is as follows:

Date	Exercise Price $	31-August-20	Expiry Date
31-Aug-19	0.25	3,175,126	May 16, 2022
		3,175,126	

- On May 11, 2021, 1,500,000 share purchase warrants, each exercisable into one common share at $0.30 per share, expired.

(Stated in Canadian Dollars)

12. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payable and accrued liabilities:

	August 31, 2021	August 31, 2020
Companies controlled by directors of the Company	**$25,153**	$258,497

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. These transactions are measured at fair value.

The Company incurred the following transactions with companies that are controlled by directors and/or officers of the Company. The transactions were measured at the fair value as agreed by the related parties.

	August 31, 2021	August 31, 2020
Consulting fees – Directors and CEO	**$6,200**	$180,000
Accounting fees – CFO	**$13,000**	$15,000
Salaries and benefits – CTO	**$27,000**	$-
	$46,200	$195,000

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, the Chief Executive Officer and the Chief Financial Officer.

		August 31, 2021		August 31, 2020
Consulting fees - Directors and CEO	**$**	**6,200**	$	180,000
Accounting fees – CFO	**$**	**13,000**	$	15,000
Salaries and benefits - CTO	**$**	**27,000**	$	-
	$	**46,200**	$	195,000

On February 25, 2021, Settlement Agreements in the amount of $328,236 due to related parties and an additional $14,283 for an aggregate of $342,519 were written off as a forgiveness of debt as follows:

- **$13,125 to the CFO of the Company,**
- **$196,005 to a director of the Company,**
- **$76,775 to a director and CEO of the Company,**
- **$14,060 to a company which shares common officers,**
- **$ 42,554 to the CTO of the Company.**

See cancellation of stock options to related parties – Note 11

13. Financial Instruments and Risk Management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost with the exception of cash and short-term investments, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at August 31, 2020 due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and cash equivalents have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, share subscriptions receivable, and accounts payable and accrued liabilities. At August 31, 2021, the carrying value of cash and cash equivalents is fair value. Share subscriptions receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts and short-term investments are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

(Stated in Canadian Dollars)

13. Financial Instruments and Risk Management - *continued*

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk.

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company required additional cash to meet its current obligations and sustain operations. This is a significant risk as the Company has a working capital deficit and no significant source of cash flows from activities other then future financing. The Company's financial liabilities consist of $516,403 (2020 - $731,678) in accounts payable and accrued liabilities, wages and benefits and long-term loans and lease liability.

14. Income Taxes

The reconciliation of income tax attributable to continuing operations computed at the federal and provincial statutory tax rate of 27% to income tax expense is:

	2021	2020
	$	$
Income (loss) for the year	(501,258)	(1,375,042)
Expected income tax (recovery)	(135,340)	371,261)
Permanent and other differences	184,606	186,261
Change in benefit not recognized	(49,266)	185,000
Total income tax expense (recovery)	-	-

Deferred taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets are evaluated periodically and if realization is not considered likely, a valuation allowance is provided.

	2020	2019
	$	
Deferred tax assets (liabilities)		
Non-capital loss carry - forwards	626,000	672,000
Patents	(448,000)	(630,000)
Equipment	13,000	11,000
Unrecognized deferred tax assets	191,000	53,000

14. Income Taxes - *continued*

The Company has non-capital losses of $2,318,000 that accumulated during the year ended August 31, 2021 which, if unused, these losses will expire in 2041.

15. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital, rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrow shares which are subject to restrictions. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest- bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management during the period ended August 31, 2021.

16. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow.

During the year ended August 31, 2021 the following transaction was excluded from the statement of cash flows:

- Forgiveness of debts of $342,519 applied against accounts payable and accrued liabilities.

17. Segmental Reporting

The Company is organized into one business unit based on its calling and messaging communications technology and has one reportable operating segment.

18. Termination of Agreement

On February 27, 2019, the Company and Bluerock Ventures Corp ("Bluerock") announced termination of the Letter of Intent to Merge. On March 16, 2018, the Company entered into a definitive agreement with Bluerock Ventures Corp. ("Bluerock") to combine the Company and Bluerock by way of share exchange, merger, amalgamation, arrangement or a similar form of transaction, whereby the shareholders of the Company will become shareholders of the combined entity. Upon completion of the proposed transaction Bluerock would continue to carry on the business of the Company. It was anticipated that approximately 60,890,000 shares of Bluerock would be issued for 100 per cent of the issued and outstanding common shares of the Company. The proposed transaction was an arm's length transaction and pursuant to exchange policies would constitute a reverse takeover of Bluerock by the Company. As part of the proposed transaction, Bluerock agreed to undertake a private placement to raise up to $3.5 million at a price of $0.30 per unit. Each unit would comprise one share and one-half share purchase warrant. Each full warrant would be exercisable at a price of $0.45 for a term of 18 months.

19. Events after the Reporting Date

Subsequent to August 31, 2021, the Company has the following events:

- Subject to regulatory approval, Prospect Park Capital Corp. (the "PPK'), a public investment issuer has entered into a definitive agreement dated September 3, 2021 (the "Agreement") with Diitalk Communications Inc. (the "Company") and PPK Acquisition Corp. (the "PPK Sub'), a wholly owned subsidiary of PPK, wherein the parties have agreed to acquire all of the issued and outstanding securities of the Company (the "Proposed Investment").

  On April 12, 2021, the Company completed a $150,000 convertible debt investment into Diitalk. Pursuant to the Agreement, Diitalk and PPK Acquisition Corp. will amalgamate with the amalgamating corporation (to be named Diitalk Communications Inc.) becoming a wholly owned subsidiary of the Company.

  In consideration for amalgamating with PPK Acquisition Corp., the shareholders of Diitalk (other than dissenting shareholders) will receive an aggregate of up to 15,000,000 common shares of the Company, and the holders of convertible securities of Diitalk (namely, common share warrants) will receive warrants of the Company exercisable for an aggregate of (subject to an exchange ratio) approximately 616,724 common shares of the Company at $0.25 per share. In addition, the Company has agreed to advance $50,000 to Diitalk as a refundable deposit within three days of execution of the Agreement. The securities of the Company to be issued in connection with the Proposed Investment shall be issued pursuant to the provisions of section 2.11(a) of National Instrument 45-106 - Prospectus Exemptions.

  Following the completion of the Proposed Investment, assuming no additional common shares of PPK are issued prior to closing, it is expected that 47,347,074 common shares of the amalgamating corporation will be issued and outstanding. The current shareholders of PPK will hold approximately 68.3% of the common shares of the amalgamating corporation and the current shareholders of the Company will hold approximately 31.7% of the common shares of the amalgamating corporation.

- On or about November 26, 2021, Mr. Kevin Van Der Kooy ("Kevin") filed a notice of dissent in relation to the amalgamation and plan of arrangement between the Company and Prospect Park Capital Corp. (PPK) that closed on October 13, 2021 (the "Transaction"). Pursuant to the dissent provisions of the *Business Corporations Act* (British Columbia), a shareholder was given a right of dissent in relation to the transaction and entitled to receive the fair market value for their Diitalk shares. The Corporation's directors have agreed to honour Kevin's dissent notice and have offered him the option of (1) keeping his PPK shares and withdrawing his dissent notice, or (2) receiving the cash equivalent of $1,115. This offer was communicated to Kevin on January 28, 2022, and are awaiting a response.

19. Events after the Reporting Date - *continued*

- On January 12, 2022, the Department of Finance Canada announced the repayment deadline for the Canada Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness is being extended from December 31, 2022, to December 31, 2023, for all eligible borrowers in good standing.

DIITALK COMMUNICATIONS INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the years ended August 31, 2020 and 2019

(<u>Stated in Canadian Dollars</u>)

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Diitalk Communications Inc.

Opinion

I have audited the financial statements of Diitalk Communications Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2020 and 2019, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the year August 31, 2020 and 2019 and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $1,375,042 during the year ended August 31, 2020 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $4,125,958 since its inception, and expects to incur further losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Chartered Professional Accountant

Burnaby, BC, Canada
June 25, 2021

DIITALK COMMUNICATIONS INC.
Statements of Financial Position
(Stated in Canadian Dollars)
As at

	Notes		August 31, 2020		August 31, 2019
Assets					
Current assets					
Cash and cash equivalents		$	**4,627**	$	-
SR&ED investment tax credit receivable	5		**-**		174,458
Share subscriptions receivable	10		**9,550**		201,100
Goods and services tax recoverable			**12,927**		-
			27,104		375,558
Non-current assets					
Property and Equipment	6		**63,788**		43,598
Intangible asset	7		**2,757,728**		2,972,333
Total assets		$	**2,848,620**	$	3,391,489
Liabilities					
Current liabilities					
Bank indebtedness		$	**-**	$	1,556
Accounts payable and accrued liabilities	11		**369,988**		216,405
Wages and benefits payable			**288,728**		195,757
Long-term loan – current portion	8		**3,685**		-
Lease liability – current portion	9		**39,671**		-
			702,072		413,717
Long-term loan	8		**27,018**		-
Lease liability	9		**-**		-
			729,090		413,717
Shareholders' equity					
Common shares issued	10		**4,004,071**		3,538,771
Common shares allotted	10		**1,893,538**		1,637,788
Share subscriptions received	10		**-**		204,250
Equity reserve			**347,879**		347,879
Accumulated deficit			**(4,125,958)**		(2,750,916)
Total shareholders' equity			**2,111,530**		2,977,772
Total liabilities and shareholders' equity		$	**2,848,620**	$	3,391,489

Approved on behalf of the Board:

/s/ "Rob Birmingham"
Director

/s/ "Anthony Zelen"
Director

The accompanying notes form an integral part of these financial statements.

DIITALK COMMUNICATIONS INC.
Statements of Comprehensive Loss
(Stated in Canadian Dollars)
For the years ended August 31, 2020 and 2019

	Notes	August 31, 2020	August 31, 2019
		$	$
Revenues		**2,481**	3,427
Expenses			
Accretion	8	**1,096**	-
Advertising and promotion		**18,111**	17,584
Authentication and other service expenses		**20,144**	24,070
Amortization	7	**679,906**	660,518
Bank charges and interest		**11,523**	5,198
Consulting fees	11	**192,368**	361,993
Computer and internet expenses		**45,565**	67,279
Depreciation	6	**63,383**	17,542
Office and miscellaneous		**14,164**	17,826
Professional fees		**41,516**	45,357
Rent		**6,219**	64,539
Salaries and benefits		**282,101**	342,583
Telephone		**8,271**	8,568
Travel and entertainment		**2,849**	13,940
Total expenses before other items		**(1,387,916)**	(1,647,268)
Other items			
Government grant	8	**10,393**	-
Net and comprehensive loss		**(1,375,042)**	(1,643,841)
Basic and diluted loss per share allotted		**(0.02)**	(0.02)
Weighted average shares allotted		**72,331,686**	70,788,051

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

DIITALK COMMUNICATIONS INC.
Statements of Cash Flows
For the years ended August 31, 2020 and 2019
(Stated in Canadian Dollars)

	August 31, 2020	August 31, 2019
	$	$
Operating activities		
Net loss for the year	**(1,375,042)**	(1,643,841)
Add items not involving cash:		
Amortization	**679,906**	660,518
Depreciation	**63,383**	17,542
Changes in non-cash working capital balances:		
Share subscriptions receivable	**191,550**	(154,350)
Goods and services tax receivable	**(12,927)**	13,969
SR&ED investment tax credit receivable	**174,458**	(174,458)
Accounts payable and accrued liabilities and wages payable	**246,554**	269,367
Long-term loan – current portion	**39,671**	-
Lease liability	**3,685**	-
Net cash used in operating activities	**11,238**	(1,011,253)
Investing activities		
Right-Of-Use Asset	**(83,573)**	-
Acquisition of tangible asset	**(465,300)**	-
Net cash used for investing activities	**(548,873)**	(1,011,253)
Financing activities		
Lease liability	**27,018**	-
Allotment of common shares	**255,750**	787,538
Share subscription received	**(204,250)**	157,500
Shares allotted for intangible assets	**465,300**	-
Net cash provided by financing activities	**543,818**	945,038
Increase (decrease) in cash and cash equivalents during the year	**6,183**	(66,215)
Cash and cash equivalents, beginning of the year	**(1,556)**	64,659
Cash and cash equivalents, end of the year	**4,627**	(1,556)

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

DIITALK COMMUNICATIONS INC.
Statements of Changes in Equity (Deficiency)
For the years ended August 31, 2020 and 2019
(Stated in Canadian Dollars)

	Notes	Shares		Amount		Share subscriptions		Equity Reserve		Accumulated Deficit		Total
Balance, August 31, 2018		64,627,718	$	$4,389,021	$	46,750	$	347,879	$	(1,107,075)	**$**	**3,676,575**
Share allotted		5,250,333		787,538		-		-		-		**787,538**
Share subscriptions received		1,050,000		157,500		-		-		-		**157,500**
Net loss for the year		-		-		-		-		(1,643,841)		**(1,643,841)**
Balance, August 31, 2019		**70,928,051**	**$**	**$5,334,059**	**$**	**46,750**	**$**	**347,879**	**$**	**(2,750,916)**	**$**	**2,977,772**
Net loss for the year		-		-		-		-		(1,375,042)		**(1,375,042)**
Shares allotted	7	3,102,001		465,300		-		-		-		**465,300**
Shares allotted		-		46,750		(46,750)		-		-		**-**
Shares allotted	10	320,000		48,000		-		-		-		**48,000**
Shares allotted -seed shares	10	700,000		3,500		-		-		-		**3,500**
Balance, August 31, 2020		**75,050,052**	**$**	**5,897,609**	**$**	**-**	**$**	**347,879**	**$**	**(4,125,958)**		**2,119,530**

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

1. Corporate Information

Diitalk Communications Inc. (the "Company") was incorporated on December 5, 2017 under the Business Corporations Act (British Columbia), Canada. The Company is a development stage company, its sole holding is an Asset Purchase Agreement dated February 12, 2018 with Dingaling Communications Inc., a corporation incorporated under the laws of the province of Saskatchewan, Canada is in the business of operating a rewards-based communication platform and the provision of services in connection therewith, including, without limitation, VOIP calling, SMS messaging, analytics engine, mobile apps and add engines.

The address of the Company's registered office and principal place of business is Suite 1500, 701 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1C6.

2. Basis of Presentation

a) Statement of Compliance

These financial statements for the year ended August 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The financial statements were authorized for issue by the Board of Directors on June 25, 2021.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) Going Concern

These financial statements (the "Financial Statements") have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the continued financial support from its management and shareholders, the ability of the Company to obtain necessary equity financing, and to generate sustainable revenues from its production activities. These factors form a material uncertainty that raises a significant doubt regarding the Company's ability to continue as a going concern. For the year ended August 31, 2020, the Company reported a net loss of $1,375,042 (2019 - $1,643,841) and as at that date had an accumulated deficit of $4,125,958 (2019 - $2,750,916). As of August 31, 2020, the Company had net working capital deficit of $674,968 (2019 - $68,159).

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has a plan in place to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

2. Basis of Presentation - *continued*

b) Going Concern - *continued*

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. Critical Accounting Estimates and Judgements

Diitalk Communications Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments and Derivatives Liabilities related to Equities

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8(d).

Similar judgement and estimates to the share-based payments are used to determine the fair value of derivative liabilities related to warrants denominated in U.S. dollars. The assumptions and models used for estimating the fair value for derivative liabilities are disclosed where applicable.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

3. Critical Accounting Estimates and Judgements - *continued*

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgement is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Advertising Services Revenue

Revenue for the Company's advertising services is recognized as services are performed.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Cash and cash equivalents

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

b) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

4. Summary of Significant Accounting Policies - *continued*

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation and amortization

Depreciation and amortization rates are estimated over their useful lives applicable to each category of equipment and intangible asset on a declining basis (DB) or straight-line basis (S/L) are as follows:

Right-Of-Use asset	Lease term S/L
Intangible asset	4 to 6 Years S/L
Furniture and equipment	20% DB
Computer equipment	30% DB

Depreciation and amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) Impairment of Non-Financial Assets

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amounts, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is assessed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

d) Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

4. Summary of Significant Accounting Policies - *continued*

e) Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

f) Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is also the functional currency.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a re-valued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

4. Summary of Significant Accounting Policies - *continued*

g) Share-based Payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in contributed surplus in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized as stock based compensation expense (Note 8(e)).

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized as employee benefits expense.

4. Summary of Significant Accounting Policies – *continued*

h) Financial Assets

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

4. Summary of Significant Accounting Policies – *continued*

h) Financial Assets

Impairment of Financial Assets at amortized cost

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

Financial Liabilities

- The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.
- A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the
- amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.
- Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	**IFRS9**	**IAS 39**	
	New Classification	**Original Classification**	**Measurement Model**
Cash	FVTPL	FVTPL	FVTPL
Other receivables	Amortized cost	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost

4. Summary of Significant Accounting Policies – *continued*

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants not denominated in a foreign currency are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, warrants, or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company's ordinary shares are classified as equity instruments.

j) **SR &ED Investment Tax Credits**

The Company claims federal and provincial (British Columbia) investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Federal and provincial SR&ED investment tax credits are recognized when the related expenditures are incurred and there are reasonable assurance of their realization. Federal and provincial SR&ED investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the federal and provincial SR&ED investment tax credit claim. It is possible that the allowed amount of the federal and provincial SR&ED investment tax credit claim could be materially different from the recorded amount upon assessment by the Canada Revenue Agency.

k) Leases

On September 1, 2019, the company, adopted on a modified retrospective basis, for the first time, IFRS 16 - Leases. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, of the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

(Stated in Canadian Dollars)

5. SR & ED Investment Tax Credits

During the year, the Company recorded federal and provincial investment tax credits of $Nil ($174,458 in 2019) as a reduction of research and development wages and benefits expense. The Company claims research and development deductions and related investment tax credits for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada.

In June 2020, the Company received the $174,458 of federal and British Columbia SR&ED investment tax credits.

These claims are subject to audit by the Canada Revenue Agency.

6. Equipment

		Right-Of-Use Asset		Furniture and Equipment		Computer Equipment		Total
Cost:								
August 31, 2019	$	-	$	8,892	$	62,514	$	71,406
Additions		83,573		-		-		83,573
At August 31, 2019 and 2020	**$**	**83,573**	**$**	**8,892**	**$**	**62,514**	$	**154,979**
Depreciation:								
At August 31, 2019		-		2,490		25,318		27,808
Depreciation		50,944		1,280		11,159		63,383
At August 31, 2020		**50,944**		**3,770**		**36,477**		**91,191**
Net book value at August 31, 2019	$	-	$	6,402	$	37,196	$	43,598
Net book value at August 31, 2020	**$**	**32,629**	**$**	**5,122**	**$**	**26,037**	**$**	**63,788**

7. Intangible Asset

On February 12, 2018, the Company entered into an Asset Purchase Agreement with Dingaling Communications Inc. ("Dingaling") in which the Company purchased properties and rights owned by Dinagling for $475,000, which includes $50,660 for computer equipment. These properties and rights include all fixed assets as well as any and all intellectual property owned by Dingaling which includes, but not limited to; inventions, methods and processes, copyrights, software, trademarks as defined in details in the Asset Purchase Agreement.

Pursuant to an Asset Purchase Agreement Amending Agreement dated July 1, 2020 to the Asset Purchase Agreement dated February 12, 2018 between the Company and Dingaling Communications Inc. ("Dingaling") in which the Company purchased properties and rights owned by Dinagling for $475,000; the Asset Purchase Agreement is hereby amended as follows:

(a) Issuing 38,489,719 common shares in the capital stock of the Company at a fair value of $0.10 to $0.15 per common share;

(Stated in Canadian Dollars)

7. Intangible Asset - *continued*

(b) From the Time of Closing until the fifth (5 th) anniversary of the Time of Closing, the Company shall be entitled to a three (3%) percent royalty on the gross revenue derived from the business of Dingaling, payable monthly in cash, which shall not exceed an aggregate of $250,000 within such five (5) year period.

The intangible asset in the sum of $4,428,411 includes 35,387,718 shares issued at a fair value of $0.10 per share and 3,102,001 shares issued at a fair value of $0.15 per share and is amortized on a straight-line basis over the estimated useful life of four to six years and assessed for indications of impairment at the end of each year. For the year ended August 31, 2020, the Company recorded $679,906 (2019 - $660,518) of amortization related to this asset. The amortization period is reviewed at least annually.

		Intangible Asset
Cost:		
Cash		424,339
Issuance of 35,387,718 common shares at $0.10 per common share		3,538,771
At August 31, 2019		3,963,110
Issuance of 3,102,001 common shares at $0.15 per common share		465,301
At August 31, 2020		**4,428,411**
Amortization:		
At December 5, 2017		-
Amortization		330,259
At August 31, 2018		330,259
Amortization		660,518
At August 31, 2019		990,777
Amortization		679,906
At August 31, 2020		1,670,683
Net book value at August 31, 2019	$	2,350,333
Net book value at August 31, 2020	**$**	**2,757,728**

According to the terms of the Asset Purchase Agreement dated February 12, 2018, $400,000 was paid in cash and 35,387,718 common shares issued at a fair value of $0.10 per share. Additionally, $75,000 which was due within three months of the date on which the common shares of Company are to be listed on an Exchange have been accrued in these financial statements for a total of $475,000**.** During the year ended August 31, 2020, $75,000 (2019 - $68,000) of the $75,000 payable has been paid.

8. Long-term Loan

The Company obtained a Canada Emergency Business Account {CEBA) loan in the amount of $40,000 from the Bank of Montreal guaranteed by the Canadian government. This loan is non-interest bearing until December 31, 2022 and repayment of the loan prior to December 31, 2022 will result on loan forgiveness of 25% or $10,000. After January 1, 2023, the loan may be converted into a 3-year term loan at a fixed annual interest rate of 5%.

(Stated in Canadian Dollars)

8. Long-term Loan - *continued*

The CEBA loan was initially fair valued using a discount rate of 12% and was measured at $29,607 with difference of $10,393 being recognized as a government grant on the statement of loss during the year ended August 31, 2020. The accretion expense of $1,096 was recorded on this CEBA loan during the year ended August 31, 2020.

9. Lease Liability

On September 1, 2019 the Company entered into a lease agreement for office and assembly floor space for future minimum annual operating lease commitments of $83,573 for one year and 9 months ending June 1, 2020.

The Company has recorded this lease as a Right-Of-Use Asset and lease liability in the statement of financial position as at August 31, 2020. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The effect of discounting the lease payments using an interest rate of 12%, which is the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below.

Balance, August 31, 2019	$	-
Fair value, initial measurement		83,573
Lease payments		(43,902)
Balance, August 31, 2020	$	39,671
Less current portion		(39,671)
Non-current obligation		-

Gross lease obligation - minimum lease payments	
9 months	41,681
Future interest expense on lease obligations	(2,010)
	39,671

10. Share Capital

a) Authorized:

Unlimited common shares without par value
Unlimited Class A non-voting, convertible, redeemable, non-cumulative 6% preferred shares without par value

b) Issued, Allotted and Outstanding:

During the year ended August 31, 2020:

3,102,001 common shares were allotted at a fair value of $0.15 per share for the Asset Purchase Amending Agreement dated July 1, 2020 in Note 7.

The Company has allotted for issuance the following common share subscriptions:

# of shares	Price per unit	Amount
320,000 private placement unit subscriptions	0.15	$48,000

(Stated in Canadian Dollars)

10. Share Capital – *continued*

b) Issued, Allotted and Outstanding *-continued*

During the year ended August 31, 2019:

The Company has allotted for issuance the following common share subscriptions:

# of shares	Price per unit	Amount
5,250,333 private placement unit subscriptions	0.15	$787,538
1,050,000 private placement unit subscriptions	0.15	157,500
50,000 private placement subscription	0.15	7,500
6,350,333 private placement units and subscriptions	0.15	$952,538

During the year, the Company allotted for issuance 6,350,333 private placement unit subscriptions for a total of $952,538. Each unit consist of one common share in the capital stock of the Company and one-half warrant, exercisable at a price of $0.25 per common share for a period of 18 months. As at August 31, 2019, the private placement has not yet been completed.

c) Share-based Compensation

Options Issued to Employees and Non-Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the expected forfeiture rate and the risk free interest rate for the term of the option. Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

There were no stock options granted for the years ended August 31, 2020 and 2019.

	Number of Options		Weighted Average Exercise Price
Outstanding, December 5, 2017	-	$	-
Granted	5,000,000		0.15
Outstanding, August 31, 2019 and 2020	**5,000,000**	$	**0.15**

As at August 31, 2020, the exercise price for options outstanding under the Company Stock Option Plan is $0.15. and the weighted average remaining contractual life for stock options under the Company Stock Option Plan is 1.96 years. The 5,000,000 stock options expire on August 21, 2023.

(Stated in Canadian Dollars)

10. Share Capital – *continued*

d) Warrants

The number of warrants outstanding at August 31, 2020 and 2019, each exercisable into one common share, is as follows:

Date	Exercise Price $	31-August-20	Expiry Date
31-Aug-19	0.25	3,175,126	May 16, 2022
31-Aug-18	0.30	1,500,000	May 11, 2021
		4,675,126	

11. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payable and accrued liabilities:

	August 31, 2020	August 31, 2019
Companies controlled by directors of the Company	**$258,497**	$128,883

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company incurred the following transactions with companies that are controlled by directors and/or officers of the Company. The transactions were measured at the fair value as agreed by the related parties.

	August 31, 2020	August 31, 2019
Consulting fees	**$180,000**	$180,000

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, the Chief Executive Officer and the Chief Financial Officer.

		August 31, 2019		August 31, 2018
Consulting fees	**$**	**180,000**	$	141,500
Share-based compensation		**-**		144,715
	$	**180,000**	$	286,215

12. Financial Instruments and Risk Management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost with the exception of cash and short-term investments, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at August 31, 2020 due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and cash equivalents have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, share subscriptions receivable, and accounts payable and accrued liabilities. At August 31, 2019, the carrying value of cash and cash equivalents is fair value. Share subscriptions receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts and short-term investments are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

(Stated in Canadian Dollars)

12. Financial Instruments and Risk Management - *continued*

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk.

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company required additional cash to meet its current obligations and sustain operations. This is a significant risk as the Company has a working capital deficit and no significant source of cash flows from activities other then future financing. The Company's financial liabilities consist of $729,090 (2019 - $413,717) in accounts payable and accrued liabilities, wages and benefits and long-term loans and lease liability.

13. Income Taxes

The reconciliation of income tax attributable to continuing operations computed at the federal and provincial statutory tax rate of 27% to income tax expense is:

	2020	2019
	$	$
Income (loss) for the year	(1,375,042)	(1,643,841)
Expected income tax (recovery)	(371,261)	(443,837)
Permanent and other differences	186,261	178,837
Change in benefit not recognized	185,000	265,000
Total income tax expense (recovery)	-	-

Deferred taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets are evaluated periodically and if realization is not considered likely, a valuation allowance is provided.

	2020	2019
	$	
Deferred tax assets (liabilities)		
Non-capital loss carry - forwards	656,000	471,000
Patents	115,000	115,000
Equipment	19,000	19,000
Unrecognized deferred tax assets	790,000	605,000

13. Income Taxes

The Company has non-capital losses of $2,430,000 that accumulated during the year ended August 31, 2020 which, if unused, these losses will expire in 2040.

14. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital, rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrow shares which are subject to restrictions. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest- bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management during the period ended August 31, 2020.

15. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow.

During the year ended August 31, 2020 the following transaction was excluded from the statement of cash flows:

- 3,102,001 common shares at a fair value of $0.15 per common share aggregating $465,300 were issued for intangible assets identified in Note 7.

16. Segmental Reporting

The Company is organized into one business unit based on its calling and messaging communications technology and has one reportable operating segment.

17. Termination of Agreement

On February 27, 2019, the Company and Bluerock Ventures Corp ("Bluerock") announced termination of the Letter of Intent to Merge. On March 16, 2018, the Company entered into a definitive agreement with Bluerock Ventures Corp. ("Bluerock") to combine the Company and Bluerock by way of share exchange, merger, amalgamation, arrangement or a similar form of transaction, whereby the shareholders of the Company will become shareholders of the combined entity. Upon completion of the proposed transaction Bluerock would continue to carry on the business of the Company. It was anticipated that approximately 60,890,000 shares of Bluerock would be issued for 100 per cent of the issued and outstanding common shares of the Company. The proposed transaction was an arm's length transaction and pursuant to exchange policies would constitute a reverse takeover of Bluerock by the Company. As part of the proposed transaction, Bluerock agreed to undertake a private placement to raise up to $3.5 million at a price of $0.30 per unit. Each unit would comprise one share and one-half share purchase warrant. Each full warrant would be exercisable at a price of $0.45 for a term of 18 months.

18. Events after the Reporting Date

Subsequent to August 31, 2020, the Company has the following events:

- Prospect Park Capital Corp. (the "PPK'), a public investment issuer, announced it has entered into a definitive agreement dated March 1, 2021 (the "**Agreement**") with Diitalk Communications Inc. (the "Company") and PPK Acquisition Corp. (the "PPK Sub'), a wholly owned subsidiary of PPK, wherein the parties have agreed to acquire all of the issued and outstanding securities of the Company (the "**Proposed Investment**").

  Pursuant to the Agreement, the Company and PPK Sub. will amalgamate with the amalgamating corporation (to be named Diitalk Communications Inc.) becoming a wholly owned subsidiary of PPK. In consideration for amalgamating with PPK., the shareholders of the Company will receive an aggregate of 15,000,000 common shares of PPK, and the holders of convertible securities of the Company (namely, common share warrants) will receive warrants of PPK exercisable for an aggregate of (subject to an exchange ratio) approximately 95,088 common shares of PPK at $0.25 per share. The securities of the Company to be issued in connection with the Proposed Investment shall be issued pursuant to the provisions of section 2.11(a) of National Instrument 45-106 - *Prospectus Exemptions*.

  Following the completion of the Proposed Investment, assuming no additional common shares of PPK are issued prior to closing, it is expected that 47,347,074 common shares of the amalgamating corporation will be issued and outstanding. The current shareholders of PPK will hold approximately 68.3% of the common shares of the amalgamating corporation and the current shareholders of the Company will hold approximately 31.7% of the common shares of the amalgamating corporation.

- The Company obtained through the Canada Emergency Wage Subsidy (CEWS) a remuneration of $36,025 for the period 2020-07-05 to 2020-09-26 representing a subsidy of 75% of employee wages as a result of "COVID – 19". The Company filed the aforementioned application on October 7, 2020.

- On January 7, 2021, the Company applied for the $20,000 Canadian Emergency Business Account ("CEBA") Expansion loan of $20,000 to the $40,000 granted previously. The funds are interest-free until June 30, 2021. On July 1, 2021, any outstanding balance on the line of credit will be automatically converted to a term loan and reman interest-free until December 31, 2022. An interest rate of 5% will be applied to any outstanding unpaid balance of the CEBA loan beginning January 1, 2023. The CEBA loan must be repaid in full no later than December 31, 2025.

- On January 7, 2021, by Directors Resolution, the Company issued the 3,102,001 common shares for a total of 38,489,720 common shares for the Intangible Assets in Note 7 to the financial statements.

18. Events after the Reporting Date (cont'd)

- On February 25, 2021, Settlement Agreements in the amount of $328,236 due to related parties and 3,080,000 in stock options were cancelled. In addition, in the Agreement between the Company and Dingaling, the three (3%) percent royalty on the annual sales of the company pursuant to the February 12, 2018 Asset Purchase Agreement and the July 1, 2020 Amending Agreement in note 7 to the financial statements has been cancelled.

- On May 11, 2021, 1,500,000 share purchase warrants, each exercisable into one common share at $0.30 per share, expired.