Global Cannabis Applications Corp.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020

(Stated in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Cannabis Applications Corp.

Opinion

We have audited the consolidated financial statements of Global Cannabis Applications Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of comprehensive income (loss), cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this audit report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards, 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

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 28, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

		June 30, 2021		June 30, 2020
ASSETS				
Current assets				
Cash	**$**	**1,016,931**	$	3,171
GST and other receivables		**29,985**		15,584
Loan receivable (Note 7)		**-**		340,909
Prepaid expenses		**45,100**		-
		1,092,016		359,664
Equipment (Note 6)		**1,763**		-
Digital currencies (Note 5)		**37,298**		-
Intangible asset (Note 4)		**330,770**		-
	$	**1,461,847**	$	359,664
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable (Note 8)	**$**	**719,491**	$	1,385,136
Accrued liabilities		**383,061**		418,846
Deferred revenue - current (Note 10)		**10,333**		-
Loan payable (Note 9)		**442,965**		413,268
		1,545,517		2,217,250
Deferred revenue – long term (Note 10)		**11,307**		-
		1,556,824		2,217,250
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		**15,869,359**		15,066,447
Subscriptions received (Note 11)		**-**		17,000
Share-based payment reserve (Note 11)		**3,783,642**		3,139,131
Deficit		**(19,758,311)**		(20,080,164)
		(105,310)		(1,857,586)
	$	**1,461,847**	$	359,664

Going concern (Note 1)
Subsequent events (Note 14)

Approved on behalf of the Board:

"Bradley Moore" *"Alexander Helmel"*

Bradley Moore Alexander Helmel

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Stated in Canadian Dollars)

		Year ended June 30, 2021		2020
Revenue:				
Software licencing revenue	**$**	**3,360**	$	-
Expenses:				
Accounting and audit fees		**13,317**		82,065
Amortization of intangible asssets (Note 4)		**70,164**		-
Interest charges (Note 9)		**32,741**		28,586
Consulting fees (Note 8)		**577,390**		811,212
Depreciation of equipment (Note 6)		**21**		252
Foreign exchange		**3,686**		-
IT costs		**59,386**		-
Legal fees		**86,554**		16,368
Marketing		**1,208,192**		343,341
Office and miscellaneous		**10,799**		7,642
Research and development costs (Note 4)		**174,314**		13,918
Share based compensation (Notes 8 and 11)		**456,103**		-
Transfer agent, listing, and filing fees		**55,320**		21,553
Travel		**1,703**		12,070
		(2,749,690)		(1,337,007)
Other items:				
Change in fair value of loan receivable (Note 7)		**3,068,183**		(545,455)
Gain on debt settlement (Note 11)		**-**		217,750
Net and comprehensive income (loss)	**$**	**321,853**	$	(1,664,712)
Basic and diluted income (loss) per share	**$**	**0.002**	$	(0.02)
Weighted average number of common shares outstanding		**156,743,258**		109,152,219

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

		Year ended June 30, 2021		Year ended June 30, 2020
Operating Activities				
Net income (loss)	**$**	**321,853**	$	(1,664,712)
Items not affecting cash:				
Amortization of intangible assets		**70,164**		-
Change in fair value of note receivable		**(3,068,183)**		545,455
Depreciation		**21**		252
Accrued interest		**29,697**		27,705
Gain from debt settlement		**-**		(217,750)
Share based compensation		**456,103**		-
Changes in non-cash working capital items:				
GST and other receivables		**(14,401)**		(487)
Prepaid expenses		**(45,100)**		29,000
Accounts payable and accrued liabilities		**302,612**		1,139,919
Deferred revenue		**21,640**		-
Cash used in operating activities		**(1,925,593)**		(140,618)
Financing Activities				
Shares issued for cash, net of issue costs and subcriptions		**2,978,435**		136,809
Cash provided by financing activities		**2,978,435**		136,809
Investing Activities				
Purchase of digital currencies		**(37,298)**		-
Purchase of equipment		**(1,784)**		-
Cash used in investing activities		**(39,082)**		-
Increase (decrease) in cash		**1,013,760**		(3,809)
Cash, beginning		**3,171**		6,980
Cash, ending	**$**	**1,016,931**	$	3,171
Other Non-Cash Transactions:				
Shares issued for debt		$ 1,004,040		$ -
Shares issued for intangible asset		$ 400,934		$ -

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

GLOBAL CANNABIS APPLICATIONS CORP.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Stated in Canadian Dollars)

	Share capital					
	Number of Shares	Amount	Subscriptions received	Share-based payment reserve	Deficit	Total
Balance, June 30, 2019	**100,619,501**	**$ 14,643,672**	**$ 40,441**	**$ 3,075,031**	**$ (18,415,452)**	**$ (656,308)**
Shares issued for cash, net of costs (Note 11)	3,205,000	96,150	(40,441)	64,100	-	119,809
Shares issued for debt (Note 11)	10,887,500	326,625	-	-	-	326,625
Subscriptions received	-	-	17,000	-	-	17,000
Net and comprehensive loss	-	-	-	-	(1,664,712)	(1,664,712)
Balance, June 30, 2020	**114,712,001**	**15,066,447**	**17,000**	**3,139,131**	**(20,080,164)**	**(1,857,586)**
Shares issued for cash, net of costs (Note 11)	21,674,891	1,742,892	(17,000)	176,105	-	1,901,997
Shares issued for debt (Note 11)	27,309,512	984,688	-	19,352	-	1,004,040
Shares issued for intangible (Notes 4 and 10)	18,224,250	400,934	-	-	-	400,934
Shares issued for exercise of warrants (Note 11)	10,761,133	1,066,440	-	-	-	1,066,440
Shares issued for exercise of options (Note 11)	100,000	17,050	-	(7,050)	-	10,000
Shares returned to treasury (Note 7)	(13,636,363)	(3,409,091)	-	-	-	(3,409,091)
Share based compensation (Note 11)	-	-	-	456,103	-	456,103
Net and comprehensive income (loss)	-	-	-	-	321,853	321,853
Balance, June 30, 2021	**179,145,424**	**$ 15,869,359**	**$ -**	**$ 3,783,642**	**$ (19,758,311)**	**$ (105,310)**

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

1. Nature and Continuance of Operations

Global Cannabis Applications Corp. (the "Company" or "Global Cannabis") was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). The Company's shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "APP". The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company designs and develops data technologies and applications for the medical cannabis industry.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2021, the Company has not generated significant revenues from operations and has an accumulated deficit of $19,758,311(June 30, 2020: $20,080,164). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in the future.

2. Statement of Compliance

These financial statements were authorized for issue on October 28, 2021, by the directors of the Company.

Statement of Compliance

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

3. Significant Accounting Policies and Basis of Preparation

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company's functional currency.

(Stated in Canadian Dollars)

Consolidation
These consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		June 30, 2021	June 30, 2020
Antisocial Holdings Ltd. **	Canada	100%	100%
FORO Technologies Inc. **	Canada	100%	100%
GCAC Europe UAB **	Lithuania	100%	100%
Citizen Green OU **	Estonia	45.8%	45.8%
GCAC Australia Pty Ltd. **	Australia	61%	61%
OPINIT LLC **	USA	100%	100%

* Percentage of voting power is in proportion to ownership.
** These companies are dormant.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant Estimates and Assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, impairment of intangible assets, expected life of intangible assets, and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

Significant Judgements
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's accounting policies in these financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at June 30, 2020 and 2021, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Judgement and estimation is involved with respect to the assessment of whether digital currencies that are not traded in active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgement is also required in determining if a digital currency is traded in an active market..
- Management applies judgment in assessing revenue recognition related to software licenses, subscriptions, support and maintenance, and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

Foreign currency translation
The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the presentation currency of the Company. The functional currency of the Company's subsidiaries is as follows:

Subsidiary	**Functional Currency**
Foro Technologies Inc.	Canadian dollars
Antisocial Holdings Ltd	Canadian dollars
GCAC Europe UAB	Euro
Citizen Green OU	Euro
GCAC Australia Pty	AUD
Opinit LLC	USD

The assets and liabilities of subsidiaries with non-Canadian functional currencies are translated from functional currency to the Company's presentation currency using the exchange rates at period end. Income, expenses, and cash flow items included in these consolidated financial statements are translated from functional currency to the Company's presentation currency using the exchange rate that approximates the exchange rates at the date of the transactions (i.e., the average rate for the period). The differences arising upon translation from the functional currency to the reporting currency are recorded as foreign currency translation adjustment in the other comprehensive income and remain in the other comprehensive income until a subsidiary is partially or fully disposed of, or until the Company determines that it is abandoning all of the non-financial assets which are held by that subsidiary. Upon disposal, the corresponding foreign currency translation adjustment is removed from other comprehensive income as is recognized as realized foreign exchange gain or loss in net income.

Transactions and balances:
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Financial instruments

Classification:
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Loan receivable	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

Measurement:

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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 financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of comprehensive 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.

Derecognition:

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive income (loss)

Cash
Cash includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Equipment
Equipment is recorded at cost, less accumulated depreciation and accumulated impairment changes.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in net earnings over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits of the asset.

Depreciation is recognized as follows: Computer equipment 20% - 50% declining balance

Intangibles
Separately acquired intellectual property and intellectual property rights, application software, and trademarks are recorded at cost. Intellectual property and intellectual property rights, application software, and trademarks acquired in a business combination are recognized at fair value at the acquisition date. Intellectual property and intellectual property rights, application software, and trademarks have a finite usefule life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the item over their estimated useful lives of five years.

Digital Currencies
The Company initially records digital currencies at their cost or fair value on the date of acquisition and evaluates the fair value of digital currencies at each reporting period. Based on the market activity of the digital currency, the Company will either maintain the initial cost at acquisition or revalue the digital currency at each reporting period at their then fair value under IAS 38. Under the revaluation model, intangible assets are measured at cost or fair value on initial recognition and subsequently remeasured at fair value at each reporting date. Unrealized revaluation increases above the initial cost or fair value are recognized in other comprehensive income and accumulated in contributed surplus within equity. Revaluation losses, as well as realised gains or losses on the sale of digital currencies are included in the statement of comprehensive income (loss).

Leases:
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

Research and development
Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment changes. These costs are amortized on a straight-line basis over the estimated useful life of five years.

Share-based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option or warrant reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share
The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation

of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Because the Company has reported a net loss for the periods presented, the effect of options and warrants would be anti-dilutive. Accordingly, diluted loss per share equals basic loss per share.

Revenue recognition
The Company primarily derives revenue from the provision of cloud-based software as well as services associated with customizing its products. Software revenue includes licenses derived from software and software services.

The Company generates revenue from several sources:
Software Licenses. Revenue from software licenses is recognized over the term of the license.
Support and maintenance. Revenue from support and maintenance arrangements is recognized as provided over the contract term, unless otherwise agreed to between the Company and the customer.
Customization services. Revenue from customization services is recognized as earned, based on performance according to specific terms of the contract.
Monthly subscription fees. Revenue from subscriptions to access the Company's software over a period of time is recognized over the contractual period.
Code generation. Revenue from the generation of certain codes within the software is recognized at the time of generation.

To June 30, 2021, the Company has derived all its revenues from two customers.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided annually, using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

New Standards and Interpretations Not Yet Adopted
Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Stated in Canadian Dollars)

4. Intangible Assets

		Tracelocker
Cost:		
Balance June 30, 2019 and 2020	**$**	**-**
Additions		**400,934**
Balance June 30, 2021	**$**	**400,934**
Accumulated amortization:		
Balance June 30, 2019 and 2020		**-**
Amortization		70,164
Balance June 30, 2021	**$**	**70,164**
Carrying amount:		
Balance June 30, 2019 and 2020	$	-
Balance June 30, 2021	**$**	**330,770**

During the year ended June 30, 2021, costs incurred of $174,314 (2020: $13,918) have been expensed as research and development as these costs do not meet capitalization criteria.

On August 30, 2020, the Company entered a software license and support agreement with Abbey Technology GmbH to licence the use of the TraceLocker App in Canada, EU, and Israel. TraceLocker is an Ethereum blockchain powered compliance platform that provides binding attestations of regulated goods' chain of custody. Under the terms of the agreement, the Company agreed to pay a one-time fee of $400,934 (USD$302,500) which was settled with 18,224,250 units consisting of one common share and one share purchase warrant with a fair value of $400,934 on September 25, 2020 (Note 11). The initial term of the agreement ends on August 12, 2021, and annual renewal fees are USD$42,000 thereafter.

5. Digital Currencies

During the year ended June 30, 20201 the Company acquired GCAC tokens, an Ethereum ERC-20 token listed on Uniswap.org, as follows:

		GCAC Token
Balance June 30, 2019 and 2020	**$**	**-**
Digital currencies purchased *		**37,298**
Balance June 30, 2021	**$**	**37,298**

* On April 8, 2021 the Company purchased 100,000 GCAC tokens for CAD 24,798
On June 1, 2021 the Company purchased 550.8239 GCAC tokens for CAD 12,500

(Stated in Canadian Dollars)

6. Equipment

Cost:		
Balance, June 30, 2019 and 2020	$	7,067
Additions		1,784
Balance, June 30, 2021	$	8,851
Accumulated depreciation:		
Balance June 30, 2019	$	6,815
Depreciation		252
Balance June 30, 2020	$	7,067
Depreciation		21
Balance June 30, 2021	$	7,088
Carrying amount:		
As at June 30, 2020		-
As at June 30, 2021	**$**	**1,763**

7. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it was committed to loan an arm's-length party (the "Borrower") $4,000,000. The loan was to be used to support the marketing and listing of the Company's proposed crypto currency token which, as of June 30, 2019, the Company is no longer pursuing. By June 30, 2019, the Company had advanced $3,500,000 to the Borrower. The term of the loan was one year, and the loan bore no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan was secured by 13,636,363 shares of the Company owned by a significant shareholder.

Upon the adoption of IFRS 9, the Company classified the loan receivable as FVTPL as it is not held solely for purposes of principal and interest. At June 30, 2020, the fair value of the loan was estimated to be $340,909, based on the fair value of the underlying security. During the year ended June 30, 2021 the Company called its security and at that point the fair value of the loan was estimated to be $3,409,089 resulting in a gain on change in fair value of $3,068,182. On April 14, 2021, the 13,636,363 shares of the Company held as security were returned to treasury and a reduction in share capital of $3,409,091 was recognized.

8. Related Party Transactions

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and directors of the Company to be key management. The Company has incurred charges during the year from directors and senior management, or companies controlled by them, for consulting fees in the amount of $315,931 (2020: $511,000).

During the year ended June 30, 2021, share based compensation for key management totaled $354,673 (2020: $Nil).

At June 30, 2021, a balance of $75,243 (June 30, 2020: $435,493) was owing to related parties and included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

9. Loan Payable

The Company has a loan payable of $310,716 which is unsecured and bears interest at 7% per annum. The loan was originally due December 31, 2019 but was renewed during the year ended June 30, 2019 and again during the year ended June 30, 2020. The loan is currently due on December 31, 2021.

(Stated in Canadian Dollars)

	Principal	Interest	Total
Balance June 30, 2019	$ 310,716	$ 74,847	$ 385,563
Interest	-	27,705	27,705
Balance June 30, 2020	310,716	102,552	413,268
Interest	-	29,697	29,697
Balance June 30, 2021	**$ 310,716**	**$ 132,249**	**$ 442,965**

10. Deferred Revenue

Total deferred revenue received	$ 21,640
Less: current portion	10,333
Long term portion	**$ 11,307**

11. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

<u>During the year ended June 30, 2021</u>

On May 5, 2021, the Company closed a non-brokered private placement and issued 2,760,439 units at a price of $0.195 per unit for gross proceeds of $538,286 and 645,076 units at a fair value of $0.195 per unit to settle an aggregate of $125,790 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of $0.26 per common share. Under the residual method, a value of $102,165 was allocated to the warrants. In connection with the private placement, the Company paid finder's fees in the amount of $9,105, issued 14,000 finder's warrants with each finder's warrant having the same terms as the warrants. The fair value of the finder’s warrants was determined to be $1,200 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.508%, volatility: 143%).

On February 22, 2021, the Company closed the final tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 6,184,490 units at a price of $0.105 per unit for gross proceeds of $649,371 and 1,087,618 units at a fair value of $0.105 per unit to settle an aggregate of $114,200 in debt to various creditors of the company. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of three years from closing at an exercise price of $0.17 per common share. In connection with the private placement, the Company paid finder's fees in the amount of $23,885, issued 44,755 finders' units with a fair value of $4,699 and 195,192 finder's warrants with each finders' unit having the same terms as the financing units and each finder's warrant having the same terms as the warrants. The fair value of the finder’s warrants was determined to be $46,400 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.305%, volatility: 139%).

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 3,288,571 units at a price of $0.105 per unit for gross proceeds of $345,299 and 1,360,000 units at a fair value of $0.105 per unit to settle an aggregate of $142,800 in debt to various creditors of the Company. Each unit consist of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of $0.17 per common share. In connection with the private placement, the Company issued 223,919 finders' units. Each finder's unit consists of one common share and one common share purchase warrant, having the same terms as the warrants. The fair value of the finder’s warrants was determined to be $19,850 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.229%, volatility: 111%).

(Stated in Canadian Dollars)

On December 31, 2020, the Company closed a non-brokered private placement and issued 8,400,000 units at a price of $0.05 per unit for gross proceeds of $420,000 and 3,160,000 units at a fair value of $0.05 per unit to settle an aggregate of $158,000 in debt to various creditors of the Company. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of $0.10 per common share. The Company paid finders fees of $18,000 cash and issued 360,000 finders warrants with the same terms as the warrants above. The fair value of the finder's warrants issued was determined to be $25,843 using the Black Scholes Option Pricing Model (expected life: 1 year, bond equivalent yield: 0.203%, volatility: 132%).

On September 25, 2020, the Company closed a non-brokered private placement and issued 772,727 units at a price of $0.022 per unit for gross proceeds of $17,000 (received prior to June 30, 2020) and 39,281,068 units at a fair value of $0.022 per unit to settle an aggregate of $864,184 in debt to various creditors of the Company, including the vendors of the software license (Note 4). Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of $0.05 per common share. No finders' fees were paid in connection with the private placement.

The Company received a gross amount of $1,066,440 in connection with the exercise of 10,761,133 warrants and a gross amount of $10,000 in connection with the exercise of 100,000 stock options during the year ended June 30, 2021. In connection with the exercise of stock options, $7,050 was allocated from the option reserve to share capital.

On April 14, 2021, 13,636,363 shares of the Company held as security were returned to treasury (Note 7).

<u>During the year ended June 30, 2020</u>

On November 22, 2019, the Company issued 3,205,000 units at a price of $0.05 per unit for gross proceeds of $160,250. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of $0.085 per common share. The value allocated to the warrants was $64,100 using the residual method.

On November 22, 2019, the Company settled an aggregate of $544,375 in debt though the issuance of 10,887,500 common shares, each issued with a fair value of $0.03, to various creditors of the Company. The Company recognized a gain on debt settlement of $217,750 in connection with the debt settlement.

c) Warrants

The continuity schedule of the Company's warrants is as follows:

	Number of warrants	**Weighted average exercise price**
Balance, June 30, 2019	40,815,605	$ 0.36
Issued	3,205,000	0.085
Expired	(19,361,876)	0.46
Balance, June 30, 2020	24,658,729	0.24
Issued	67,777,845	0.09
Exercised	(10,761,133)	0.11
Expired	(15,145,663)	0.28
Balance, June 30, 2021	**66,529,778**	**$ 0.09**

(Stated in Canadian Dollars)

The following table details the warrants outstanding and exercisable at June 30, 2021:

Number of Warrants	Exercise Price	Expiry Date
535,000	$0.10	August 11, 2022
2,032,059	$0.085	November 22, 2021
37,781,069	$0.05	September 25, 2023
10,377,600	$0.10	December 31, 2022
4,872,480	$0.17	February 3, 2024
7,512,055	$0.17	February 22, 2024
3,419,515	$0.26	May 5, 2024
66,529,778	**$0.09**	

At June 30, 2021, the weighted average remaining contractual life of all warrants outstanding was 3.16 years.

d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of $0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

During the year ended June 30, 2021, the Company granted 10,125,000 stock options to consultants, management, and directors of the company. The stock options are exercisable between $0.10 and $0.25 per share for a period of five years. The fair value of the options was determined to be $456,103 using the Black Scholes Stock Option Pricing model (expected life: 2.5 years, bond equivalent yield: (0.423% - 0.957%), volatility: 127-135%).

During the year ended June 30, 2020, the Company did not grant any incentive stock options. A continuity schedule of the Company's share purchase options is as follows:

	Options	Weighted Average Exercise Price
Balance June 30, 2019	8,685,000	$ 0.23
Expired/forfeited/cancelled	(1,880,000)	0.38
Balance June 30, 2020	6,805,000	0.18
Granted	10,125,000	0.11
Exercised (weighted average share price on date of exercise - $0.25)	(100,000)	0.10
Expired/forfeited/cancelled	(2,065,000)	0.26
Balance June 30, 2021	**14,765,000**	**$ 0.13**

(Stated in Canadian Dollars)

Details of the Company's outstanding and exercisable stock options at June 30, 2021, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
$0.15	0.32	200,000	October 24, 2021
$0.10	0.68	300,000	March 7, 2022
$0.395	1.40	500,000	November 24, 2022
$0.64	1.59	50,000	January 31, 2023
$0.37	1.66	100,000	Feburary 27, 2023
$0.265	1.76	25,000	April 3, 2023
$0.365	1.87	75,000	May 14, 2023
$0.225	2.25	450,000	September 28, 2023
$0.17	2.32	140,000	October 26, 2023
$0.12	2.45	500,000	December 13, 2023
$0.10	2.51	175,000	January 1, 2024
$0.13	2.53	400,000	January 8, 2024
$0.105	2.55	700,000	January 17, 2024
$0.10	2.87	1,025,000	May 13, 2024
$0.10	4.38	8,950,000	November 16, 2025
$0.17	4.58	175,000	January 21, 2026
$0.25	4.79	150,000	Apr 14, 2026
$0.15	4.86	850,000	May 10, 2026
$0.13	**3.83 years**	**14,765,000**	

e) Share based payment reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. During the year ended June 30, 2021, an amount of $nil (2020 - $64,100) was allocated to warrants under this method.

f) Loss per share

The calculation of basic and diluted income (loss) per share for the year ended June 30, 2021, was based on the income (loss) attributable to common shareholders of $321,853 (2020: loss of $1,664,712) and the weighted average number of common shares outstanding of 156,743,258 (2020: 109,152,219).

12. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 was on its cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution.

(Stated in Canadian Dollars)

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at June 30, 2021.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Fair value
The carrying value of cash, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

Capital Risk Management
The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

13. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	June 30, 2021	June 30, 2020
Net income (loss) for the year	$ 321,853	$ (1,644,712)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery	86,900	(444,072)
Non-deductible items	123,148	(58,793)
Other	(857,803)	(84,624)
Change in valuation allowance	647,755	587,489
	$ -	$ -

(Stated in Canadian Dollars)

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2021	June 30, 2020
Non-capital loss carry-forwards	$ 4,185,149	$ 3,582,892
Share issuance costs	60,054	84,147
Equipment and intangibles	224,067	246,521
Note receivable	971,408	879,363
	$ 5,440,678	$ 4,792,923

The Company has accumulated tax losses and other tax pools which may be used to reduce future year's taxable income. These amounts expire as follows:

2034	$ 97,474
2035	772,350
2036	1,412,048
2037	1,209,064
2038	3,846,131
2039	4,265,697
2040	1,449,462
2041	2,430,955
	$ 15,500,522

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

14. Subsequent Events

On July 7, 2021, the Company granted 750,000 stock options to consultants. Each option is exercisable into a common share of the Company at a price of $0.14 until July 7, 2026.

On October 24, 2021, 200,000 stock options with an exercise price of $0.15 expired unexercised.