SpotLite360 IOT Solutions, Inc.

(Formerly SpotLite360 Technologies, Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods ended September 30, 2021 and 2020

Unaudited

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

SpotLite360 IOT Solutions, Inc.
(Formerly SpotLite360 Technologies, Inc.)

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at,	**Notes**		**September 30, 2021**		**December 31, 2020**
Assets					
Current Assets					
Cash		$	846,453	$	352,167
Accounts receivable			5,733		-
Prepaid expenses	4		481,842		-
Loan receivable	6		57,234		255,556
Total Current Assets			**1,391,262**		607,723
Non-Current Assets					
Intangible assets	8		2,281,733		-
Equipment	5		12,563		-
Goodwill	3		3,520,079		-
Total Assets		**$**	**7,205,637**	$	607,723
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	9,11	$	402,786	$	106,204
Loan payable	11	$	17,035	$	16,138
Total Liabilities			**419,821**		122,342
Shareholders' Equity					
Share capital	10		9,191,463		1,102,889
Subscriptions received in advance			-		39,550
Reserves			1,706,589		515,940
Accumulated other comprehensive loss			(15,496)		-
Deficit			(4,096,740)		(1,172,998)
Total Shareholders' Equity			**6,785,816**		485,381
Total Liabilities and Shareholders' Equity		**$**	**7,205,637**	**$**	607,723

Approved and authorized by the Board on November 29, 2021.

"Alexander Somjen" (signed)
Alexander Somjen, Director

"Joel Dumaresq" (signed)
Joel Dumaresq, Director

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

SpotLite360 IOT Solutions, Inc.
(Formerly SpotLite360 Technologies, Inc.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine-month periods ended September 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	Notes	Three-month periods ended September 30, 2021	Three-month periods ended September 30, 2020	Nine-month periods ended September 30, 2021	Nine-month periods ended September 30, 2020
Revenue		$ 5,635	-	$ 5,635	-
Expenses					
Amortization	5,8	$ 106,233	$ -	$ 128,455	$ -
Consulting fees	11	261,513	26,524	797,744	43,925
Filing fees		14,697	1,283	56,247	6,140
Foreign exchange		15,898	-	17,162	-
Interest expense		310	-	1,207	-
Marketing		125,712	-	148,446	12,500
Office expenses		41,295	905	60,367	1,068
Professional fees	11	22,661	14,631	233,571	37,295
Salaries		103,318	-	118,048	-
Share-based compensation	10	197,368	-	1,310,373	-
Total expenses		**$ (889,005)**	$ (43,343)	**$ (2,871,620)**	$ (100,928)
Other income (expenses)					
Gain on settlement of debt	7	26,752	-	26,752	-
Gain on write-off of debt		-	-	8,292	-
Loss on investments	7	(10,675)	-	(92,801)	-
Total other income (expenses)		**16,077**	-	**(57,757)**	-
Net loss for the period		**(867,293)**	(43,343)	**(2,923,742)**	(100,928)
Foreign currency translation adjustment		14,975	-	(15,496)	-
Net loss and comprehensive loss for the period		**$ (852,318)**	$ (43,343)	**$ (2,939,238)**	$ (100,928)
Net loss per share – basic and diluted		**$ (0.02)**	$ (0.00)	**$ (0.08)**	$ (0.01)
Weighted average number of common shares outstanding		**54,124,590**	17,270,531	**37,667,599**	15,456,880

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

SpotLite360 IOT Solutions, Inc.
(Formerly SpotLite360 Technologies, Inc., formerly 1014379 B.C. Ltd.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the nine month periods ended September 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	Share Capital						
	Number of Common Shares	Amount	Subscriptions Received	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance at December 31, 2019	**13,946,023**	**$ 439,768**	**$ -**	**$ -**	**$ -**	**$ (503,445)**	**$ (63,677)**
Shares issued – Private placement	6,416,841	664,576	-	-	-	-	664,576
Subscriptions received in advance	-	-	24,550	-	-	-	24,550
Share issue costs	-	(1,455)	-	-	-	-	(1,455)
Net loss for the period	-	-	-	-	-	(100,928)	(100,928)
Balance at September 30, 2020	**20,362,864**	**$ 1,102,889**	**$ 24,550**	**$ -**	**$ -**	**$ (604,373)**	**$ 523,066**

Balance at December 31, 2020	**20,362,864**	**$ 1,102,889**	**$ 39,550**	**$ 515,940**	**$ -**	**$ (1,172,998)**	**$ 485,381**
Shares issued – Private placement	13,060,337	3,005,050	(39,550)	-	-	-	2,965,500
Cash share issuance costs	-	(116,200)	-	-	-	-	(116,200)
Non-cash share issuance cost	190,400	(22,160)	-	22,160	-	-	-
Shares issued for Captios, LLC	20,100,000	5,025,000	-	-	-	-	5,025,000
Shares issued upon the exercise of options	1,100,000	196,884	-	(141,884)	-	-	55,000
Share-based compensation	-	-	-	1,310,373	-	-	1,310,373
Foreign currency translation adjustment	-	-	-	-	(15,496)	-	(15,496)
Net loss for the period	-	-	-	-	-	(2,923,742)	(2,923,742)
Balance at September 30, 2021	**54,813,601**	**$ 9,191,463**	**$ -**	**$ 1,706,589**	**$ (15,496)**	**$ (4,096,740)**	**$ 6,785,816**

SpotLite360 IOT Solutions, Inc.
(Formerly SpotLite360 Technologies, Inc., formerly 1014379 B.C. Ltd.)
Condensed Interim Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

		Nine-month periods ended		
		September 30, 2021		**September 30, 2020**
Operating activities				
Net loss for the period	$	(2,923,742)	$	(100,928)
Accrued interest		1,199		-
Amortization		128,455		-
Loss on investment securities		92,801		-
Share-based compensation		1,310,373		-
Gain on settlement of debt		(26,752)		-
Write-off of accounts payable		(8,292)		-
Changes in non-cash working capital item:				
Accounts receivable		(5,733)		-
Prepaid expenses		(226,286)		-
Due to related parties		107,539		-
Accounts payable and accrued liabilities		(520,738)		34,782
Net cash flows used in operating activities	**$**	(2,071,176)	$	(66,146)
Investing activities				
Purchase of equipment	$	(13,121)	$	-
Purchase of intangible asset		(382,230)		-
Cash acquired from acquisition of Captios, LLC		111,202		-
Net cash received from investing activities	**$**	(284,149)	$	-
Financing activities				
Subscriptions received in advance	$	-	$	24,550
Proceeds from exercise of stock options		55,000		-
Net proceeds from issuance of shares – private placement		2,849,300		663,121
Repayment of loans		(38,741)		-
Proceeds from loans		-		17,803
Net cash received from financing activities	**$**	2,865,559	$	705,474
Foreign exchange on cash		(15,948)		-
Change in cash		494,286		639,328
Cash, beginning of the period		352,167		298
Cash, end of the period	**$**	**846,453**	**$**	**639,626**

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

1. Nature and continuance of operations

SpotLite360 IOT Solutions Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company is focused on providing a software-as-a-service based asset management and a supply chain execution platform which leverages blockchain and a broad array of Internet of Things technologies.

Effective June 4, 2021, the Company changed its name from 1014379 B.C. Ltd. to Spotlite360 Technologies Inc. Effective August 24, 2021, the Company changed its name from Spotlite360 Technologies Inc. to SpotLite360 IOT Solutions Inc. The Company's principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. 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. The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company's business and there is no certainty that these funds will be available. As at September 30, 2021, the Company has working capital of $971,441 (December 31, 2020 – $485,381) and for the nine months period ended September 30, 2021, the Company incurred a net loss of $2,923,238 (2020 - $100,928). A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately achieve profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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 2021.

2. Statement of compliance and significant accounting policies

These unaudited condensed interim consolidated financial statements were authorized for issue on November 29, 2021 by the directors of the Company.

Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020.

2. Statement of compliance and significant accounting policies (cont'd)

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies have been applied consistently to all periods presented.

Basis of presentation

All figures presented in the consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company includes the Canadian dollar and the US dollar.

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of incorporation	Interest
Captios, LLC	US	100%
Spotlite360, Inc.	US	100%

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Significant accounting judgments, estimates and assumptions

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 and estimates in applying the Company's consolidated financial statements include:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the black-scholes option pricing model.

2. Statement of compliance and significant accounting policies (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

Business combinations
Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Functional Currency
The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of an entity if there is a significant change in the events and/or conditions which determine the primary economic environment.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

2. Statement of compliance and significant accounting policies (cont'd)

Investments
Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each investment and is determined on an average cost basis excluding transaction costs. The Company classifies its investments as fair value through profit or loss, with unrealized gains and losses recognized in profit or loss. The fair value of the Company's investments as at the financial reporting date are determined as follows: Common shares in quoted companies – All securities listed on a recognized public stock exchange are generally valued at their last bid price. Options and warrants – The options and warrants are valued at fair value using the Black-Scholes pricing model which considers factors such as market value of the underlying security, strike price, volatility and expected life. Investments in private companies and other investments – When the fair values of financial assets and financial liabilities recorded on the condensed interim consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair value.

Financial Instruments

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of a debt instrument is driven by the Company's business model for managing its financial assets and their contractual cash flow characteristics. Equity instruments that are held-for trading are classified as at FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL.

Measurement
Financial assets at FVTOCI - Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value, 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 statements of operations. 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 statements of operations in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive 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 shall recognize in the statement of operations, 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.

2. Statement of compliance and significant accounting policies (cont'd)

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 the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of operations. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive loss.

Financial liabilities - The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. 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 statement of operations.

Fair value hierarchy
The Company's financial instruments consist of cash, loan receivable, investments, accounts payable and accrued liabilities, and loans payable. Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments classified as level 1 – Unadjusted quoted prices in active markets include cash and investments in common shares.

Financial instruments classified as level 2 –Includes investments in warrants.

The estimated fair value of loan receivable, accounts payable and accrued liabilities, and loans payable are equal to their carrying values due to the short-term nature of these instruments.

Intangible Assets

The Company owns intangible assets consisting of licensed intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with a business combination are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in operations as incurred. The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the lower of contractual period or useful economic life and assessed for impairment at each reporting date or whenever there is an indication that the intangible asset may be impaired.

2. Statement of compliance and significant accounting policies (cont'd)

Intangible Assets (cont'd)

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

Intangible assets with finite useful lives are amortized over their estimated useful lives of 7 years.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the statement of comprehensive loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill and indefinite lived intangible assets.

Revenue

The Company's revenue is primarily earned from its software-as-a-service ("SaaS revenue"). SaaS revenue includes revenue from subscriptions fees and revenue from development work. Revenue from subscription fees is generally earned over time and is recognized on a straight-line basis over the term of the contract. Revenue from development work is recognized over time as the Company fulfills all performance obligations related to the services provided.

2. Statement of compliance and significant accounting policies (cont'd)

Functional Currency

All figures presented in the condensed interim consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company includes the Canadian dollar and the US dollar. The Company's functional currency is the Canadian dollar whereas the remainder of the Company's subsidiaries' functional currency is the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive loss.

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the statement of comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

(Unaudited - Expressed in Canadian dollars)

2. Statement of compliance and significant accounting policies (cont'd)

New standards 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 consolidated financial statements.

Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

3. Business Combination

On June 21, 2020, the Company entered into a share exchange agreement (the "Share Exchange Agreement") with Captios, LLC. ("Captios"). Captios is a United States based technology company that provides logistics technologies solutions for all participants in a supply chain. On June 4, 2021, the Company completed the acquisition of all the issued and outstanding ordinary shares in the capital of Captios. As consideration, the Company issued 20,100,000 common shares of the Company.

The acquisition of Captios constituted a business combination as Captios met the definition of a business under IFRS 3 - Business Combinations.

Purchase price:	**$**
20,100,000 common shares	5,025,000
Total consideration paid	**5,025,000**
Cash	111,202
Investments	158,995
Loan receivable	18,031
Intangible asset – software platform	1,900,000
Accounts payable and accrued liabilities	(312,016)
Loan liabilities	(371,291)
Net assets assumed	1,504,921
Goodwill	3,520,079
Total	**5,025,000**

The Company determined that Captios' technology and business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of Captios.

Loan liabilities include $314,184 that relates to a working capital loan issued to Captios.

During the period ended from June 4, 2021 to September 30, 2021, the Company recorded a net loss of $525,611 in the Consolidated Statement of Loss and Comprehensive Loss in connection with Captios.

Net loss for the Company would have been higher by approximately $666,095, for the period ended September 30, 2021, if the acquisition had taken place on January 1, 2021. In connection with this transaction, the Company did not recognize any material transaction cost.

(Unaudited - Expressed in Canadian dollars)

4. Prepaid Expenses

	September 30, 2021 $	December 30, 2020 $
Consulting fees	321,234	-
Insurance	32,718	-
Marketing	109,230	-
Other	18,660	-
Total	**481,842**	**-**

5. Property and Equipment

	Computer Equipment $
Cost	
Balance, December 31, 2020 and 2019	-
Additions	13,121
Foreign exchange	-
Balance, September 30, 2021	**13,121**
Accumulated amortization	
Balance, December 31, 2020 and 2019	-
Amortization	(548)
Foreign exchange	(10)
Balance, September 30, 2021	**(558)**
Net book values	
December 31, 2020	**-**
September 30, 2021	**12,563**

6. Loans receivable

At September 30, 2021, the Company had advanced $57,234 to TrackX Holdings, Inc. ("TrackX") a related company through common management. The loan was non-interest-bearing and due on demand.

At December 31, 2020, the Company provided a loan of $255,556 (USD - $200,000) to Captios. The loan is unsecured, with no set terms of repayment and interest free. On June 4, 2021, the acquisition of Captios closed, and the loan was eliminated.

7. Investments

As part of the business combination described in Note 3, the Company acquired 1,000,000 shares of Cyon Exploration Ltd ("Cyon") with a cost base of $104,995 and 1,000,000 share purchase warrants enabling the Company to purchase an additional Cyon common share at $0.15 per share for a period of three years with a cost basis of $54,000.

(Unaudited - Expressed in Canadian dollars)

7. Investments (cont'd)

		Shares	Warrants	Total
December 31, 2020	**$**	**-**	**-**	**-**
Additions		104,995	**54,000**	158,995
Transfer to settle accounts payable		(56,194)	**(10,000)**	(66,194)
Fair value adjustment		(48,801)	**(44,000)**	(92,801)
Balance at September 30, 2021	**$**	**-**	**-**	**-**

On July 12, 2021, the Company transferred the 1,000,000 shares of Cyon and 1,000,000 share purchase warrants to settle $92,946 of accounts payable. The Company recorded the difference between the fair value of the investments and the carrying value of the accounts payable as a gain on settlement of debt of $26,752.

8. Intangible Asset

As part of the acquisition of Captios, the Company acquired a software license. On July 6, 2020, Captios entered into a Software License Agreement (the "Agreement" or "License") with TrackX. TrackX operates as an enterprise asset management company deploying SaaS-based solutions leveraging multiple auto-ID and sensor technologies for the comprehensive tracking and management of physical assets. TrackX's Global Asset Management for Enterprises ("GAME") Platform enables the Industrial Internet of Things ("IIoT") by providing unique item level tracking, workflow processing, event management, alerting and powerful analytics to deliver solutions across a growing number of industries.

Pursuant to the Agreement the Company has acquired the License to the GAME Platform and the ancillary software products from TrackX on a non-exclusive basis to commercialize an entire supply chain solution in the pharmaceutical, healthcare and agriculture industries (the "Licensed Industries").
As a consideration for the License, the Company will pay TrackX USD$300,000 as follows:

- USD$200,000 paid on or before November 30, 2020 (paid).
- USD$10,000 per month paid at the end of each of the subsequent 10 months, through September 2021. (paid)

In addition, TrackX shall receive 10% of first year SaaS revenue derived from the licensing of GAME Platform for each location installed within the Licensed Industries. The Company will pay to TrackX development, integration, support and other service fees based upon the then current TrackX services pricing and as agreed by TrackX and the Company within an associated services agreement.

The Company will have a perpetual non-exclusive right to the targeted licensed industries from the execution date of the agreement. The Company retains the right to obtain exclusivity within the 12-month period following execution of the agreement for the licensed industries under terms which will be negotiated between the parties and for not less than USD$900,000.

On July 27, 2021, the Company amended the terms of the Software License Agreement to extend the right of exclusivity. In exchange for extending the right of exclusivity the Company paid USD$200,000 in July 2021 and will pay USD$100,000 per month from August 2021 to February 2022.

		Software license
December 31, 2020	**$**	**-**
Additions		2,409,640
Amortization		(127,907)
Balance at September 30, 2021	**$**	**2,281,733**

(Unaudited - Expressed in Canadian dollars)

9. Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
Accounts payable	$ 218,376	$ 102,204
Accrued liabilities	184,410	4,000
	$ 402,786	**$ 106,204**

Included in accounts payable are amounts totaling $107,359 (2020 - $94,306) due to related parties including a previous director and companies controlled by a previous director of the Company. (Note 11).

10. Share Capital

Authorized share capital
Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Shares issued during the nine months period ended September 30, 2021:

On February 26, 2021, the Company completed a non-brokered private placement of 2,600,337 common shares at a price of $0.15 per share, for gross proceeds of $390,050. No finder's fees were paid in connection with the private placement. The Company received subscriptions in advance of $39,550 prior to December 31, 2020.

On April 20, 2021, the Company completed a non-brokered private placement of 10,460,000 units at a price of $0.25 per share, for gross proceeds of $2,615,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.75 per share for a period of two years. In connection with the Private Placement, the Company paid finder's fees consisting of $116,100 cash commission, 332,400 warrants (the "Brokers Warrants") and 190,400 of the company's common shares to arm's-length finders with a fair value of $47,600. The fair value of the shares was measured at $0.25. The Brokers Warrants had a fair value of $22,160 and were measured using the Black-Scholes pricing model with the following assumptions: stock price - $0.25; exercise price - $0.75; expected life – 2 years; volatility – 100%; dividend yield – Nil; and risk-free rate – 0.29%.

On August 27, 2021, the Company issued 1,100,000 common shares pursuant to option exercises for gross proceeds of $55,000. The Company transferred $141,862 from reserves to share capital.

Shares issued during the year ending December 31, 2020:

On September 3, 2020, the Company completed a non-brokered private placement consisting of 4,090,506 common shares at $0.15 per share, for gross proceeds of $613,576. In connection with the private placement, the Company issued 286,335 finder's fee common shares, to arm's-length finders, with a fair value of $42,950.

On May 8, 2020, the Company completed a non-brokered private placement consisting of 2,040,000 common shares at $0.025 per share, for gross proceeds of $51,000. In connection with the private placement, the Company paid a cash finder's fee of $1,455.

(Unaudited - Expressed in Canadian dollars)

10. Share Capital (Cont'd)

b) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the requirements of the Exchange, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to ten years from the date of grant.

On December 1, 2020, the Company granted incentive stock options to consultants to purchase an aggregate of 4,000,000 common shares at an exercise price of $0.05 per common share for up to five years. The options vested upon grant. The grant date fair value of the options was measured at $515,940. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.15; exercise price - $0.05; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.46%.

On June 14, 2021, the Company granted incentive stock options to consultants to purchase an aggregate of 6,000,000 common shares at an exercise price of $0.25 per common share for up to five years. The options vest over 2.5 years. The grant date fair value of the options was measured at $1,113,005. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.25; exercise price - $0.25; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 0.85%.

On September 30, 2021, the Company granted incentive stock options to the President and CEO to purchase an aggregate of 450,000 common shares at an exercise price of $0.24 per common share for up to ten years. The options vested upon grant. The grant date fair value of the options was measured at $96,604 and the Company recognized $16,101 related to the vested portion of the options. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.24; exercise price - $0.24; expected life – 10 years; volatility – 100%; dividend yield – $0; and risk-free rate – 1.51%.

The following is a summary of the Company's option activity for the year ended December 31, 2020 and for the six months period ended September 30, 2021.

	Number of Options
Outstanding, December 31, 2019	-
Issued	4,000,000
Outstanding, December 31, 2020	4,000,000
Issued	6,450,000
Exercised	(1,100,000)
Outstanding, September 30, 2021	9,350,000

b) Stock options

The weighted average remaining contractual life of the options outstanding at September 30, 2021, is 5.23 years (December 31, 2020 – 4.92) and the details of options outstanding as at September 30, 2021 are as follows:

Exercise price	**Number of Options outstanding and exercisable**	**Expiry date**
$0.25	6,000,000	June 14, 2026
$0.05	2,900,000	December 1, 2025
$0.05	450,000	September 30, 2031
Total	9,350,000	

(Unaudited - Expressed in Canadian dollars)

10. Share Capital (Cont'd)

b) Warrants

As at September 30, 2021, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Warrants Issued	Number of Warrants exercisable	Exercise Price	Expiry Date
10,792,400	10,792,400	$0.75	April 20, 2023

A summary of the status of the Company's warrants outstanding and exercisable as at September 30, 2021 and December 31, 2020, and changes during those years is presented below:

	Number of warrants Issued		Weighted Average Exercise Price
Balance, December 31, 2020 and 2019	-	$	-
Issued	10,792,400		0.75
Balance, September 30, 2021	10,792,400		0.75

c) Restricted Stock Units

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

Under the terms of the plan, RSU's are granted to Participants and the RSUs expire the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans. Any common shares subject to an RSU which has been granted under the RSU Plan and which is cancelled or terminated in accordance with the terms of the RSU Plan without being paid out in common shares as provided for in this RSU Plan shall again be available under the RSU Plan. As at September 30, 2021, the Company has 912,720 RSU's available to be issued under the RSU plan.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSU's. The fair value of RSU's issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted and taking into account market conditions. The fair value is expensed over the vesting term. Upon conversion of the RSU, the carrying amount is recorded as an increase in common share capital and a reduction in the share-based payment reserve.

(Unaudited - Expressed in Canadian dollars)

10. Share Capital (Cont'd)

On July 5, 2021, the Company issued the President and CEO of the Company 700,000 restricted shares units of the Company ("RSUs") with a fair value of $630,000 under the Company's restricted share unit plan (the "RSU Plan"). An initial 70,000 RSUs will vest on the date of shareholder approval, and the remaining six tranches of 105,000 RSUs per tranche will vest every six months over a period of 36 months from June 15, 2021. Once vested, each RSU shall entitle the holder to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of 5 years. During the nine months ended September 30, 2021, the Company recognized $181,267 relating to the vested portion of the RSUs.

c) Reserve

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

11. Related party transactions

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation and fees consist of the following for the nine months period ended September 30, 2021 and 2020:

		September 30, 2021		**September 30, 2020**
Accounting, corporate and interest charged by a company controlled by a former director	$	102,545	$	46,600
Management compensation		136,341		-
	$	**238,886**	**$**	**46,600**

Included in professional and corporate fees are $70,722 (2020 – $23,975) corporate services and $30,925 (2020 - $22,625) for accounting services by a company controlled by a former director of the Company.

During the nine months period ending September 30, 2021, the Company owed a principal loan of $15,000 (December 31, 2020 - $15,000) obtained from a company controlled by a director of the Company to cover ongoing operational expenses. The loan is unsecured, bearing interest at 8% per annum and is due on demand. During the nine months period ended September 30, 2021, the Company accrued interest of $898 (year ending December 31, 2020 - $1,138).

As at September 30, 2021, there was $6,962 (December 31, 2020 - $13,288) included in accounts payable and accrued liabilities owing to a former officer and director and companies controlled by the former director. The balances are unsecured, payable on demand and non-interest bearing.

As at September 30, 2021, there was $100,577 (December 31, 2020 - $81,018) included in accounts payable and accrued liabilities owing to directors and a company controlled by a director of the Company. The balances are unsecured, payable on demand and non-interest bearing.

On July 5, 2021, the Company issued the President and CEO of the Company 700,000 restricted shares units of the Company.

On September 30, 2021, the Company granted incentive stock options to the President and CEO to purchase an aggregate of 450,000 common shares at an exercise price of $0.24 per common share for up to ten years.

12. Financial instruments and risk management

The Company's financial instruments consist of cash, loan receivable, investments, accounts payable and accrued liabilities, and loans payable. Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments classified as level 1 – Unadjusted quoted prices in active markets include cash and investments in common shares.

Financial instruments classified as level 2 –Includes investments in warrants.

The estimated fair value of loan receivable, accounts payable and accrued liabilities, and loans payable are equal to their carrying values due to the short-term nature of these instruments.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company has funds of $846,453 (December 31, 2020 – $352,167) to satisfy its financial obligations of $419,821 (December 31, 2020 - $122,342). The Company will be required to raise additional financing to be able and to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

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 has assessed its foreign exchange risk as low as at September 30, 2021.

(Unaudited - Expressed in Canadian dollars)

12. Risk management and financial instruments (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's sensitivity to interest rates is minimal.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of shareholders' deficiency. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes in the Company's capital risk management approach during the nine months period ended September 30, 2021.

13. Commitments

On August 1, 2021, the Company entered into an agreement with a public affairs firm to create and execute business development strategies for the commercialization of the Company's SaaS-based supply chain solution in the healthcare, pharmaceutical, and cannabis categories until June 30, 2022. In consideration for the services the Company will pay the firm $3,000 per month and $80,000 upon the achievement of certain milestones. The Company will also receive a commission equal to 5% of the first year recurring software revenue generated as a result of the relationship.

14. Segmented information

The Company operates within two geographic areas, Canada and U.S.

	Canada	U.S.	Total
	$	$	$
Three months ended September 30, 2021			
Revenue	-	5,635	5,635
Net Loss	(628,710)	(238,583)	(867,293)
Three Months ended September 30, 2020			
Revenue	-	-	-
Net Loss	(43,343)	-	(43,343)

(Unaudited - Expressed in Canadian dollars)

14. Segmented information (cont'd)

Nine months ended September 30, 2021			
Revenue	-	5,635	5,635
Net Loss	(2,398,131)	(525,611)	(2,923,742)
Nine months ended September 30, 2020			
Revenue	-	-	-
Net Loss	(100,928)	(100,928)	(100,928)
As at September 30, 2021			
Total non-current assets	-	5,814,375	5,814,375
As at December 31, 2020			
Total non-current assets	-	-	-

15. Subsequent event

On November 12, 2021, the Company entered into a non-binding letter of intent (the "LOI") with E3 Services Group LLC ("E3"). Under the terms of the non-binding LOI, the Company intends to acquire a majority sum of all outstanding common shares in the equity of E3. All terms provided in the non-binding LOI are subject to change pending factors including, but not limited to the completion of final negotiations, execution of a definitive agreement, obtaining any applicable regulatory approvals, and approvals from the Board of Directors of both SpotLite360 and E3. The Company anticipates that, subject to the satisfactory completion of the conditions precedent referenced above, the acquisition contemplated pursuant to a definitive agreement, to be agreed to between the parties, will close by the end of calendar Q4 2021.