SpotLite360 IOT Solutions, Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-months periods ended June 30, 2022 and 2021

Unaudited – prepared by Management

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed interim financial statements of SpotLite360 IOT Solutions, Inc. have been prepared by and are the responsibility of management.

These unaudited condensed interim financial statements for the six months ended June 30, 2022 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

(Unaudited - Expressed in Canadian dollars)

As at,	Notes		June 30, 2022		December 31, 2021
Assets					
Current Assets					
Cash		$	1,374,616	$	268,460
Accounts receivable			325,736		143,584
Inventory			96,645		-
Prepaid expenses	4		1,206,154		234,934
Loan receivable	6		55,948		56,951
Total Current Assets			**3,059,099**		**703,929**
Non-Current Assets					
Intangible assets	7		8,330,422		5,592,272
Equipment	5		626,242		13,804
Right-of-use asset	8		129,460		-
Goodwill	9		3,138,921		1,440,601
Total Assets		**$**	**15,284,144**	$	**7,750,606**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	1,168,800	$	762,029
Deferred revenue			2,538,260		-
Loan payable	12, 14		64,430		17,338
Consideration payable	3		296,649		-
Lease liability	8		42,508		-
Software license liability	7		-		250,431
Total Current Liabilities			**4,110,647**		**1,029,798**
Deferred tax liability			891,000		891,000
Lease liability	8		89,631		-
Total Liabilities			**5,091,278**		**1,920,798**
Shareholders' Equity					
Share capital	13		13,191,866		9,191,463
Reserves			1,977,908		1,840,985
Non-controlling interest	10		1,234,647		-
Accumulated other comprehensive loss			337,724		(19,965)
Deficit			(6,549,279)		(5,182,675)
Total Shareholders' Equity			**10,192,866**		**5,829,808**
Total Liabilities and Shareholders' Equity		**$**	**15,284,144**	**$**	**7,750,606**

Approved and authorized by the Board on August 29, 2022.

"Alexander Somjen" (signed)
Alexander Somjen, Director

"Joel Dumaresq" (signed)
Joel Dumaresq, Director

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

(Unaudited - Expressed in Canadian dollars)

		Three Months Ended		Six Months Ended	
	Notes	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Revenue		$ 8,705,783	$ -	$ 9,699,986	$ -
Cost of sales		(7,468,362)	-	(7,557,498)	-
Gross margin		1,237,421	-	2,142,488	-
Expenses					
Amortization	5,7,8	$ 413,752	$ 22,222	$ 662,342	$ 22,222
Consulting fees and marketing	14	157,159	549,200	537,103	558,965
Filing fees and corporate services		25,530	41,550	128,777	41,550
Foreign exchange		20,693	825	20,693	1,264
Interest expense	14	4,700	602	8,121	897
Office expenses		325,925	18,971	398,756	19,072
Professional fees	14	36,750	200,460	170,155	210,910
Rent	14	10,812	-	16,262	-
Salaries		449,415	14,730	669,088	14,730
Share-based compensation	13	315,356	1,113,005	417,150	1,113,005
Total expenses		**$(1,760,092)**	**$(1,961,565)**	**$ (3,028,447)**	**$(1,982,615)**
Loss before other items for the period		**$ (522,671)**	**$(1,961,565)**	**$ (885,959)**	**$(1,982,615)**
Gain on write-off of debt		-	8,292	-	8,292
Unrealized loss on investments		-	(82,126)	-	(82,126)
Transaction costs	3	-	-	(184,875)	-
Net loss for the period		**$ (522,671)**	**$(2,035,399)**	$ (1,070,834)	**$(2,056,449)**
Foreign currency translation adjustment		362,823	(30,471)	357,689	(30,471)
Net loss and comprehensive loss for the period		**$ (159,848)**	**$(2,065,870)**	**$ (713,145)**	**$(2,086,920)**
Net loss attributable to:					
Shareholders of SpotLite360 IOT Solutions, Inc.		**(509,059)**	**(2,065,870)**	**(1,366,604)**	**(2,056,449)**
Non-controlling interests	10	**(13,612)**	-	**295,770**	**-**
		(522,671)	**(2,065,870)**	**(1,070,834)**	**(2,056,449)**
Comprehensive loss attributable to:					
Shareholders of SpotLite360 IOT Solutions, Inc.		**(146,236)**	**(2,065,870)**	**(1,008,915)**	(2,086,920)
Non-controlling interests	10	**(13,612)**	-	**295,770**	**-**
		$ (159,848)	**$(2,065,870)**	**$ (713,145)**	**$(2,086,920)**
Net loss per share – basic and diluted		**$ (0.01)**	**$ (0.05)**	**$ (0.01)**	**$ (0.07)**
Weighted average number of common shares outstanding		**82,997,854**	**37,171,850**	**96,674,851**	**29,258,532**

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

(Unaudited - Expressed in Canadian dollars)

	Share Capital							
	Number of Common Shares	Amount	Subscriptions Received	Reserves	Accumulated Other Comprehensive Loss	Non-controlling interest	Deficit	Total
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
Share-based compensation	-	-	-	1,113,005	-	-	-	1,113,005
Foreign currency translation adjustment	-	-	-	-	(30,471)	-	-	(30,471)
Net loss for the period	-	-	-	-	-	-	(2,056,449)	(2,056,449)
Balance at June 30, 2021	**53,713,601**	**$ 8,994,579**	**$ -**	**$ 1,651,105**	$ (30,471)	**$ -**	**$ (3,229,447)**	**$ 7,385,766**
Balance at December 31, 2021	**54,813,601**	**$ 9,191,463**	**$ -**	**$ 1,840,985**	**$ (19,965)**	**$ -**	**$ (5,182,675)**	**$ 5,829,808**
Shares issued – Private placement	17,640,725	1,764,073	-	-	-	-	-	1,764,073
Cash share issuance costs	-	(138,740)	-	-	-	-	-	(138,740)
Non-cash share issuance cost	-	(93,829)	-	93,829	-	-	-	-
Shares issued for E3	20,000,000	1,764,968	-	-	-	1,273,753	-	3,038,721
Transaction costs	1,320,525	184,875	-	-	-	-	-	184,875
Shares issued upon the exercise of options	2,900,000	519,056	-	(374,056)	-	-	-	145,000
Share-based compensation	-	-	-	417,150	-	-	-	417,150
Dividend to non-controlling interests	-	-	-	-	-	(334,876)		(334,876)
Foreign currency translation adjustment	-	-	-	-	357,689	-	-	357,689
Net loss for the period	-	-	-	-	-	295,770	(1,366,604)	(1,070,834)
Balance at June 30, 2022	**96,674,851**	**$ 13,191,866**	**$ -**	**$ 1,977,908**	**$ 337,724**	**$ 1,234,647**	**$ (6,549,279)**	**$ 10,192,866**

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

(Unaudited - Expressed in Canadian dollars)

		Six months ended June 30, 2022		June 30, 2021
Operating activities				
Net loss for the period	$	(1,070,834)	$	(2,056,449)
Non-cash interest expense		4,667		897
Amortization		662,342		22,222
Foreign exchange		20,693		-
Unrealized loss on investment securities		-		82,126
Share-based compensation		417,150		1,113,005
Write-off of accounts payable		-		(8,292)
Transaction costs		184,875		-
Changes in non-cash working capital item:				
Accounts receivable		(99,607)		-
Deferred revenue		770,561		-
Inventory		(96,645)		-
Prepaid expenses		26,020		(292,067)
Accounts payable and accrued liabilities		128,267		(189,922)
Net cash flows used in operating activities	**$**	947,489	$	(1,328,480)
Investing activities				
Purchase of equipment	$	(280,583)	$	-
Additions of internally developed intangible assets		(306,446)		-
Cash paid to acquire E3		(983,139)		-
Cash acquired from acquisition of Captios, LLC		-		111,202
Cash acquired from acquisition of E3		268,369		-
Net cash used in investing activities	**$**	(1,301,799)	$	111,202
Financing activities				
Proceeds from exercise of stock options	$	145,000	$	-
Net proceeds from issuance of shares – private placement		1,625,333		2,849,300
Lease payments		(16,900)		-
Repayment of loans payable		(17,338)		
Dividends paid to non-controlling interest		(334,876)		-
Proceeds from notes payable		64,430		-
Net cash received from financing activities	**$**	1,465,649	$	2,849,300
Foreign exchange on cash		(5,183)		(34,060)
Change in cash		1,106,156		1,597,962
Cash, beginning of the period		268,460		352,167
Cash, end of the period	**$**	**1,374,616**	**$**	**1,950,129**
Other supplementary information:				
Interest paid	$	-	$	-
Taxes paid		-		-
Fair value of shares issued to acquire E3		1,764,968		-

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

1. Nature and going concern

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 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 does not have significant 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 June 30, 2022, the Company has a working capital deficit of $1,051,548 (December 31, 2021 - $325,869) and for the period ended June 30, 2022, the Company incurred a net loss of $1,070,834 (2021 - $2,056,449). 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 2022.

2. Statement of compliance and significant accounting policies

These consolidated financial statements were authorized for issue on August 29, 2022 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, 2021.

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.

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

Basis of presentation

The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency, the functional currency of the Company's subsidiaries is the US Dollar.

Basis of Consolidation

The 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. All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation. During the period ended June 30, 2022, the Company acquired E3 Services Group Inc. as described in Note 3. Details of controlled entities are as follows:

Name	Jurisdiction of incorporation	June 30, 2022	December 31, 2021
Captios, LLC	US	100%	100%
E3 Service Group, LLC.	US	51%	-
Spotlite360, Inc.	US	100%	100%

The functional currency of Captios, LLC, E3 Services Group, LLC and Spotlite360, Inc. is the US Dollar. The assets and liabilities of these entities are translated into Canadian dollars using the period-end exchange rate and the operations and cash flows are translated using the average rates of exchange over the period. Exchange differences arising when net assets and profit or loss are translated into Canadian dollars are recognized in other comprehensive loss and as a component of shareholder's equity.

Significant accounting judgments, estimates and assumptions

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited condensed interim consolidated financial statements for the year ended December 31, 2021.

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.

(Unaudited - Expressed in Canadian dollars)

3. Business Combination

On March 9, 2022, the Company acquired 51% equity interest in E3 Services Group, LLC ("E3"). E3 is an arm's length engineering firm operating in the agricultural and cannabis industry. The terms of the consideration is described below:

- Cash of US $500,000 upon closing of the transaction (Paid);
- Cash of US $500,000 one year from date of closing. At June 30, 2022, US $269,790 and, of the US $500,000 has been paid. (Consideration payable);
- Issue 20,000,000 common shares with a fair value of $1,764,968 ("Consideration Shares") (Issued).

The Consideration Shares are subject to a statutory four-month and one day hold period and a concurrent 12-month lock-up whereby the initial 25% of the Consideration Shares will be released on closing with the remaining 75% of the Consideration Shares released in equal tranches on the 6th, 9th and 12th month from closing. E3 also has the opportunity to earn up to 3,000,000 warrants (each a "Warrant") to purchase a common share of the Company upon achieving performance-based milestones over the successive 12 months following the closing. Each Warrant is exercisable for a period of 36 months from closing to purchase one additional common share at $0.20 per common share.

In connection with the closing of the acquisition, the Company issued 1,320,525 common shares with a fair value of $184,875 as a finder's fee to an arm's length party, which has been expensed to the statement of loss and comprehensive loss.

The purchase price allocation is still preliminary and subject to change as management has not fully determined the fair values of the net assets acquired. E3 had inputs, as well as substantial processes in place to generate outputs. As a result, the acquisition of E3 constituted a business combination as E3 met the definition of a business under IFRS 3 - Business Combinations.

Purchase price:	**$**
Cash	644,175
Consideration payable	614,920
Consideration shares	1,764,968
Total consideration paid to acquire 51% interest	**3,024,063**
Net assets acquired	
Cash	268,369
Accounts receivable	81,542
Advances	78,509
Prepaids	918,731
Property plant and equipment	355,707
Intangible assets	2,692,410
Right-of-use asset	71,930
Accounts payable	(28,073)
Deferred revenue	(1,767,699)
Lease liability	(71,930)
Net assets acquired	2,599,496
Net assets acquired attributable to the Company	1,325,743
Non-controlling interest (Note 10)	1,273,753
	2,599,496
Goodwill attributable to the Company	1,698,320

(Unaudited - Expressed in Canadian dollars)

3. Business Combination (Continued)

The Company determined that E3's business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of certain key individuals and the future economic potential of E3.

During the period ended from March 9, 2022 to June 30, 2022, the Company recorded a net income of $603,612 in the Consolidated Statement of Loss and Comprehensive Loss in connection with the financial performance of E3.

4. Prepaid Expenses

	June 30, 2022 $	December 30, 2021 $
Consulting fees and commissions	610,840	170,796
Insurance	33,175	16,277
Marketing	-	28,875
Equipment	417,317	-
Other	144,822	18,986
Total	**1,206,154**	**234,934**

5. Equipment

	Vehicles $	Furniture and fixtures $	Computer Equipment $	Total $
Cost				
Balance, December 31, 2020	-	-	**-**	**-**
Additions	-	-	15,588	15,588
Balance, December 31, 2021	**-**	**-**	**15,588**	**15,588**
Additions	501,187	135,048	-	636,235
Foreign exchange	-	-	256	256
Balance, June 30, 2022	501,187	135,048	**15,844**	**652,079**
Accumulated amortization				
Balance, December 31, 2020	-	-	-	-
Amortization	-	-	(1,766)	(1,766)
Foreign exchange	-	-	(18)	(18)
Balance, December 31, 2021	**-**	**-**	**(1,784)**	**(1,784)**
Amortization	(14,388)	(7,340)	(2,606)	(24,334)
Foreign exchange	(255)	600	(64)	281
Balance, June 30, 2022	(14,643)	(6,740)	**(4,454)**	**(25,837)**
Net book values				
December 31, 2021	-	-	13,804	13,804
June 30, 2022	**486,544**	**128,308**	**11,390**	**626,242**

6. Loans receivable

At June 30, 2022, the Company had advanced $55,948 (December 31, 2021 - $56,951) to TrackX Holdings, Inc. ("TrackX") a related company through common management. The loan is non-interest-bearing and due on demand.

(Unaudited - Expressed in Canadian dollars)

7. 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. (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. During the six months ended June 30, 2022, the Company capitalized $306,466 relating to the further development of the software.

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 USD$100,000 per month from August 2021 to February 2022, for a total of USD$900,000. At June 30, 2022, the Company had paid USD$150,000 (December 31, 2021 – USD $150,000) of monthly fees and USD $550,000 (December 31, 2021 - USD$350,000) was included in accrued liabilities.

		Software license	Customer relationships, contracts and back log	Total
Cost				
December 31, 2020		**-**	**-**	**-**
Acquired on acquisition	$	5,000,000	-	5,000,000
Additions		1,112,217	-	1,112,217
Balance at December 31, 2021	**$**	6,112,217	**-**	6,112,217
Additions		306,446	2,692,410	2,998,856
Foreign exchange		350,066	13,650	363,716
Balance at June 30, 2022		**6,768,729**	**2,706,060**	**9,474,789**
Accumulated amortization				
December 31, 2020		**-**	**-**	**-**
Additions	$	(519,945)	-	(519,945)
Balance at December 31, 2021		(519,945)	-	(519,945)
Additions		(463,564)	(165,628)	(629,192)
Foreign exchange		6,695	(1,925)	4,770
Balance at June 30, 2022		(976,814)	(167,553)	(1,144,367)
Balance at December 31, 2021		5,592,272	-	5,592,272
Balance at June 30, 2022	**$**	**5,791,915**	**2,538,507**	**8,330,422**

(Unaudited - Expressed in Canadian dollars)

8. Right-of use asset and lease liabilities

The Company's primary leases consist of a research and development facility and an office space. The Company used an incremental borrowing rate of 15%.

The following is a continuity schedule of right-of-use assets for the period ended June 30, 2022:

Right-of-use assets	Office lease $	Warehouse Lease $	Total $
Balance, December 31, 2021	**-**	**-**	**-**
Additions	70,107	70,034	140,141
Depreciation	(8,933)	(5,949)	(14,882)
Foreign Exchange	2,084	2,117	4,201
Balance, June 30, 2022	**63,258**	**66,202**	**129,460**

The following is a continuity schedule of lease liabilities for period ended June 30, 2022:

Lease liabilities	Office lease $	Warehouse Lease $	Total $
Balance, December 31, 2021	**-**	**-**	**-**
Additions	70,107	70,034	140,141
Accretion	2,298	2,369	4,667
Payments	(10,004)	(6,896)	(16,900)
Additions	2,098	2,133	4,231
Balance, June 30, 2022	64,499	67,640	132,129
Less: current portion	26,704	15,804	42,508
Non-current portion	37,795	51,836	89,631

The undiscounted lease liabilities are as follows:

Year ending December 31,	$
2022	34,193
2023	70,708
2024	31,913
2025	6,015
Total lease payments	142,829

9. Goodwill

Management has identified three CGUs which represent the lowest level within the Company at which goodwill is monitored for internal management purposes, Captios, SpotLite360 and E3.

	Captios	**E3**	**Total**
Balance, December 31, 2020			
Additions	1,440,601	-	1,440,601
Balance, December 31, 2021	1,440,601	-	1,440,601
Additions	-	1,698,320	1,698,320
Balance, June 30, 2022	1,440,601	1,698,320	3,138,921

For the purpose of testing impairment, the recoverable amount of each CGU comprising good will was based on the fair values less cost of disposal, estimated using discounted cash flows. As at June 30, 2022, the recoverable amount of each CGU exceeded the carrying value and no impairment was recorded.

(Unaudited - Expressed in Canadian dollars)

10. Non-controlling interest

The net change in non-controlling interest is as follows:

	E3
Balance, December 31, 2021	-
Additions, via business acquisition (Note 3)	1,273,753
Dividends paid to NCI	(334,876)
Net and comprehensive loss attributable to NCI	295,770
Balance, June 30, 2022	1,234,647

11. Accounts payable and accrued liabilities

		June 30, 2022		December 31, 2021
Accounts payable	$	403,755	$	224,654
Accrued liabilities		765,045		537,375
	$	**1,168,800**	**$**	**762,029**

Included in accounts payable and accrued liabilities are amounts totaling $42,399 (December 31, 2021 - $586,490) due to related parties including a previous director and companies controlled by a previous director of the Company.

12. Loans Payable

At June 30, 2022, the Company owed a principal loan of $64,430 (December 31, 2021 - $17,338) obtained from an unrelated party (December 31, 2021 - company controlled by a director of the Company). The loan is unsecured, bearing interest at 12% (December 31, 2021 - 8%) per annum and is due on demand. During the six months ended June 30, 2022, the Company accrued interest of $295 (2021 - $595) and repaid $17,338.

13. 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 six months ending June 30, 2022:

During the period ended June 30, 2022, the Company issued 2,900,000 common shares pursuant to option exercises for gross proceeds of $145,000. The Company transferred $374,056 from reserves to share capital.

On February 22, 2022, the Company completed a non-brokered private placement of 17,640,725 units at a price of $0.10 per share, for gross proceeds of $1,764,073. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 per share for a period of three years. In connection with the private placement, the Company paid finder's fees consisting of $85,380 cash commission, $53,360 in accounting and legal fees and 853,800 finder warrants with the same terms as the Warrants described above. The fair value of the finder warrant was measured using the Black-Scholes option pricing model with a fair value of $93,829 with the following assumptions: stock price - $0.17; exercise price - $0.15; expected life – 3 years; volatility – 100%; dividend yield – Nil; and risk-free rate – 1.61%.

13. Share Capital (Cont'd)

On March 9, 2022, the Company issued 20,000,000 common shares with a fair value of $1,764,968 pursuant to the acquisition of E3 (Note 3). In conjunction with the acquisition of E3, the Company issued 1,320,525 finder common shares with a fair value of $184,875.

Shares issued during the six months ended June 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%.

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.

Stock options issued during the six months ended June 30, 2022:

On March 4, 2022, the Company granted an aggregate of 500,000 stock options to an officer. Each option is exercisable to acquire one common share of the Company at the price of $0.15 per share for a period of ten years from grant. An initial 71,500 Options vest immediately, and the remaining options will vest in five equal tranches every six month period thereafter. The total grant date fair value of the options was measured at $67,343. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.15; exercise price - $0.15; expected life – 10 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.16%. During the period ended June 30, 2022, the Company recognized share-based compensation of $55,023.

Stock options issued during the six months ended June 30, 2021:

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 vested upon grant. 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%.

(Unaudited - Expressed in Canadian dollars)

13. Share Capital (Cont'd)

The following is a summary of the Company's option activity for the periods ended June 30, 2022 and December 31, 2021:

	Number of Options
Outstanding, December 31, 2020	**4,000,000**
Issued	6,450,000
Exercised	(1,100,000)
Outstanding, December 31, 2021	**9,350,000**
Issued	500,000
Exercised	(2,900,000)
Outstanding, June 30, 2022	**6,950,000**

During the period ended June 30, 2022, 2,900,000 stock options were exercised. The weighted average share price for options exercised during the period ended June 30, 2022 was $0.05.

The weighted average remaining contractual life of the options outstanding at June 30, 2022, is 5.14 years (December 31, 2021 – 4.98) and the details of options outstanding as at June 30, 2022 are as follows:

Exercise price	Options outstanding	Options exercisable	Expiry date
$0.25	6,000,000	6,000,000	June 14, 2026
$0.05	450,000	150,000	September 30, 2031
$0.15	500,000	166,667	March 4, 2032
Total	6,950,000	6,316,667	

b) Warrants

As at June 30, 2022, 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
9,674,163	9,674,163	$0.15	February 22, 2025
3,000,000	-	$0.20	March 9, 2025
23,466,563	20,466,563		

A summary of the status of the Company's warrants outstanding and exercisable as at June 30, 2022 and 2021, and changes during those years is presented below:

	Number of warrants Issued	Weighted Average Exercise Price
Balance, December 31, 2021	**10,792,400**	**0.75**
Issued	12,674,163	0.16
Balance, June 30, 2022	**23,466,563**	**0.43**

13. Share Capital (Cont'd)

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 June 30, 2022, 3,950,000 RSUs were outstanding 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.

On April 20, 2022, the Company has granted 500,000 RSUs to the President and CEO of the Company and 2,750,000 RSUs to consultants of the Company under the Company's RSU Plan. The RSUs vest four months and one day from issuance. The RSUs entitle each 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 period ended June 30, 2022, the Company recognized $225,122 relating to the vested portion of the RSUs.

On July 5, 2021, the Company issued the President and CEO of the Company 700,000 RSUs of the Company with a fair value of $630,000 under the Company's 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 period ended June 30, 2022, the Company recognized $137,005 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.

(Unaudited - Expressed in Canadian dollars)

14. 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 periods ended June 30, 2022 and 2021:

		June 30, 2022		June 30, 2021
Professional, corporate and interest charged by a company controlled by a former director	$	212,442	$	67,473
Expenses incurred to a company with common management		234,225		-
Management compensation		133,317		-
	$	**579,984**	**$**	**67,473**

Included in professional fees are $87,300 (2021 – $46,978) and corporate services $115,133 (2021 - $19,900) for services by a company controlled by a former director of the Company.

At June 30, 2022, the Company owed a principal loan of $nil (December 31, 2021 - $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 six months ended June 30, 2022, the Company accrued interest of $295 (2021 - $595).

As at June 30, 2022, there was $42,399 (December 31, 2021 - $117,404) 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.

At June 30, 2022, the Company had advanced $55,948 (December 31, 2021 - $56,951) to TrackX a related company through common management. The loan was non-interest-bearing and due on demand. The Company had and recorded a software license liability of $Nil (December 31, 2021 - $250,431), and accounts payables and accrued liabilities $708,730 (December 31, 2021 - $469,086) of unpaid amounts owing pursuant to the license agreement described in Note 7. These amounts are non-interest bearing and due on demand.

On March 4, 2022, the Company granted an aggregate of 500,000 stock options to an officer with a fair value of $67,313. Each option is exercisable to acquire one common share of the Company at the price of $0.15 per share for a period of ten years from grant. An initial 71,500 Options vest immediately, and the remaining options will vest in five equal tranches every six month period thereafter.

On April 20, 2022, the Company has granted 500,000 RSUs to the President and CEO of the Company under the Company's RSU Plan. The RSUs vest four months and one day from issuance. The RSUs entitle each 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.

15. Financial instruments and risk management

The Company's financial instruments consist of cash, accounts receivable, loan receivable, investments, accounts payable and accrued liabilities, software license liability, 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.

15. Financial instruments and risk management (cont'd)

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 – include cash and investments in common shares.

Financial instruments classified as level 2 includes investments in warrants.

The estimated fair value of accounts receivable, loan receivable, accounts payable and accrued liabilities, software license liability, and loans payable approximate 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 carrying amount of financial assets represents the maximum credit exposure.

Amounts receivable consists of trade receivables. To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. For the six months ended June 30, 2022, one customer represented 98% of revenue and two customers represented 95% of receivables. At June 30, 2022, 96% (December 31, 2021 – 96%) of the Company's receivables have been outstanding for less than 90 days.

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 $1,374,616 (December 31, 2021 – $268,460) to satisfy its current financial obligations of $4,110,647 (December 31, 2021 - $1,029,798). The Company will be required to raise additional financing to settle its financial obligations and to continue further execution of its business plan.

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 exposed to currency risk as it incurs expenditures that are denominated in United States dollar, while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's cash is held in Canadian dollars and the US Dollar. Some of the Company's operating expenses were denominated in the US Dollar. The Company managed its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relied on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Foreign exchange risk is assessed as minimal as June 30, 2022.

(Unaudited - Expressed in Canadian dollars)

15. Financial instruments and risk management (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' equity.

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 from the year ended December 31, 2021.

16. Commitment

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.

17. Segmented information

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

	Canada $	U.S. $	Total $
Three months ended June 30, 2022			
Revenue	-	8,705,783	8,705,783
Net income (loss)	(435,187)	(87,484)	(522,671)
Three months ended June 30, 2021			
Revenue	-	-	-
Net loss	(1,748,371)	(287,028)	(2,035,399)
Six months ended June 30, 2022			
Revenue	-	9,699,986	9,699,986
Net income (loss)	(1,173,012)	102,178	(1,070,834)

(Unaudited - Expressed in Canadian dollars)

17. Segmented information (cont'd)

Six months ended June 30, 2021			
Revenue	-	-	-
Net loss	(1,769,421)	(287,028)	(2,056,449)
As at June 30, 2022			
Total non-current assets	-	12,225,045	12,225,045
As at December 31, 2021			
Total non-current assets	-	7,046,677	7,046,677

18. Subsequent events

On August 25, 2022, the Company announced it acquired a 100% equity interest in Reti Capital Corp. ("RETI"), and in connection thereof, acquired a 100% equity interest in Back to the Digital, Inc. ("BTTD") a Denver, Colorado based digital media company.

Consideration for the acquisition of RETI consisted of 13,250,000 common shares of the Company. Upon the acquisition of RETI, the Company immediately assumed a letter of intent between RETI and BTTD, and acquired all of the equity of BTTD pursuant to a definitive agreement. Consideration for the acquisition of BTTD consisted of 1,000,000 common shares of the Company and US $50,000 cash. Additionally, BTTD has a twelve-month stock based earn-out based on exceeding certain revenue targets.