Xigem Technologies Corporation

Consolidated Financial Statements

For the year ended December 31, 2021 and for the period June 15, 2020
(date of incorporation) to December 31, 2020

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CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Xigem Technologies Corporation
(Formerly 10557536 Canada Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Xigem Technologies Corporation (the Company), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2021 and for the period from June 15, 2020 (date of incorporation) to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period from June 15, 2020 (date of incorporation) to December 31, 2020, in accordance with International Financial Reporting Standards.

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

Material Uncertainty Relating to Going Concern
We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company has an accumulated deficit of $5,984,672 as at December 31, 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
March 25, 2021

Xigem Technologies Corporation
Consolidated Statement of Financial Position
As at December 31, 2021 and 2020
(Expressed in Canadian dollars)

	Note	**2021**	2020
		$	$
ASSETS			
Current			
Cash and equivalents	6	**684,036**	2,165,960
Indirect taxes recoverable		**183,804**	7,741
Prepaid expenses		**4,375**	-
Share subscription receivable		**200,000**	200,000
		1,072,215	2,373,701
Property and equipment	7	**419,125**	-
Intangible assets	8	**1,318,095**	607,083
		2,809,435	2,980,784
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**507,239**	176,224
Lease liability	9	**35,862**	
		543,101	176,224
Lease liability	9	**128,014**	-
Deferred income tax	13	**6,873**	2,059
		677,988	178,283
SHAREHOLDERS' EQUITY			
Share capital	10	**5,829,812**	2,347,426
Warrant reserve	10	**1,060,646**	660,914
Options reserve	10	**1,431,500**	-
Deficit		**(6,190,511)**	(205,839)
		2,131,447	2,802,501
		2,809,435	2,980,784
Going concern	2		
Contingencies and commitments	17		
Subsequent events	18		

On behalf of the Board:

Brian Kalish
Director

(Expressed in Canadian dollars)

	Note	**Year ended December 31, 2021**	From June 15, 2020 (incorporation) to December 31, 2020
		$	$
EXPENSES			
Share-based payments	10, 11	**1,313,000**	24,500
Investor relations		**979,805**	-
Professional fees		**346,011**	121,911
Management and consulting fees	11	**314,090**	17,526
Amortization	7, 8	**222,735**	24,657
Public filing fees		**217,919**	-
Advertising and promotion		**197,148**	13,837
Insurance		**13,125**	-
Interest and bank charges		**6,113**	313
Dues and subscriptions		**6,268**	1,036
		3,616,214	203,780
OTHER ITEMS			
Gain on debt settlement		**(38,617)**	-
Share-based listing expenses	4	**2,229,204**	-
Listing expenses	4	**173,057**	-
		2,363,644	-
Loss before income taxes		**(5,979,858)**	(203,780)
Income taxes			
Current	13	**-**	-
Deferred	13	**4,814**	2,059
		4,814	2,059
Net loss and comprehensive loss		**(5,984,672)**	(205,839)
Loss per share			
Basic	12	**(0.075)**	(0.007)

Xigem Technologies Corporation
Consolidated Statement of Changes in Equity
For the periods ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

	Note	Share capital	Share capital	Warrant reserve	Options reserve	Deficit	**Total equity**
		#	$	$	$	$	**$**
Balance, as at June 15, 2020		20,000,000	200,000	-	-	-	**200,000**
Private placement		86,000,000	1,641,149	505,351	-	-	**2,146,500**
Acquisition of iAgent		25,000,000	478,096	146,904	-	-	**625,000**
Issuance of shares for services		1,473,600	28,181	8,659	-	-	**36,840**
Net loss and comprehensive loss		-	-			(205,839)	**(205,839)**
Balance, as at December 31, 2020		132,473,600	2,347,426	660,914	-	(205,839)	**2,802,501**
Elimination of Xigem Technology Solutions common shares		(132,473,600)	(2,347,426)	-	-	-	**(2,347,426)**
Shares issued to Xigem Technology Solutions shareholders in connection with RTO	4	66,236,800	2,347,426	-	-	-	**2,347,426**
Common shares, options and warrants deemed issued in connection with RTO	4, 10 (c) (ii) (d)	8,609,845	1,987,104	127,200	118,500	-	**2,232,804**
Shares and warrants issued for private placement	4, 10 (c) (i) (ii)	4,135,048	334,232	348,100	-	-	**682,332**
Shares for debt settlement	4, 10 (e)	1,314,285	296,433	-	-	-	**296,433**
Shares issued on acqusition of FOOi Inc.	5	1,666,667	564,000	-	-	-	**564,000**
Common shares issued on exercise of warrants	10 (c) (iii)	3,215,000	300,617	(75,568)	-	-	**225,049**
Equity-settled shared-based payment	10 (d)	-	-	-	1,313,000	-	**1,313,000**
Net loss and comprehensive loss		-	-	-	-	(5,984,672)	**(5,984,672)**
Balance, as at December 31, 2021		**85,177,645**	**5,829,812**	**1,060,646**	**1,431,500**	**(6,190,511)**	2,131,447

The accompanying notes are an integral part of and should be read in conjunction with these consolidated financial statements.

(Expressed in Canadian dollars)

	Note	**Year ended December 31, 2021**	From June 15, 2020 (incorporation) to December 31, 2020
		$	$
OPERATING ACTIVITIES			
Net loss and comprehensive loss		**(5,984,672)**	(205,839)
Items not affecting cash:			
Share-based payments	10	**1,313,000**	24,500
Share-based listing expenses	4	**2,229,204**	-
Amortization expense	7, 8	**222,735**	24,657
Gain on debt settlement		**(38,617)**	-
Finance costs and other		**4,606**	-
Deferred taxes	13	**4,814**	2,059
		(2,248,930)	(154,623)
Changes in non-cash working capital balances:			
Indirect taxes recoverable		**(176,063)**	(7,741)
Prepaid expenses		**(4,375)**	-
Accounts payable and accrued liabilities		**740,003**	176,224
		559,565	168,483
		(1,689,365)	13,860
INVESTING ACTIVITY			
Acquisition of property and equipment	7	**(313,273)**	-
Acquisition of intangible assets	8	**(309,068)**	(6,740)
		(622,341)	(6,740)
FINANCING ACTIVITIES			
Proceeds from issuance of Units	10	**618,732**	2,150,000
Proceeds from exercise of warrants	10	**225,050**	-
Payments on lease financing		**(14,000)**	-
Proceeds in excess of shares issued for services		**-**	12,340
Issuance costs		**-**	(3,500)
		829,782	2,158,840
Change in cash and cash equivalents		**(1,481,924)**	2,165,960
Cash and equivalents, beginning of year	6	**2,165,960**	-
Cash and equivalents, end of year	6	**684,036**	2,165,960
Non-cash items:			
Acquisition of intangible assets	5	**(564,000)**	(625,000)
Proceeds from issuance of share capital from treasury		**-**	200,000

1. General information

Xigem Technologies Corporation ("Xigem" or the "Company") seeks to become a leading technology platform for the remote working economy. Using proprietary patented technology, the Company provides organizations with the infrastructure necessary to manage employees, assets, resources, and other business operations in remote working, learning and treatment environments.

10557536 Canada Corp. ("105CC") was incorporated on December 27, 2017 under the Canada Business Corporations Act with its head office located at 401 Bay Street, Suite #2100, Toronto, Ontario, Canada, M5H 2Y4.

The Company was incorporated under the Business Corporations Act of Ontario on June 15, 2020. The Company's registered head office is located at 70 Great Gulf Drive, Suite 67, Vaughan, Ontario, L4K 0K7.

On March 5, 2021, 10557536 Canada Corp acquired the outstanding common shares in the capital of Xigem. The acquisition was accounted for as a reverse takeover ("RTO") whereby Xigem was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of Xigem. After the RTO, the combined entity of 10557536 Canada Corp. and Xigem is referred to also as "the Company" in these consolidated financial statements. See reverse take-over transaction (Note 4).

On March 15, 2021, the common shares of the Company commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol XIGM.

2. Basis of preparation

a) Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The realizable values may be substantially different from their carrying values, as shown in these consolidated financial statements. These consolidated financial statements do not affect adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2021, the Company had an accumulated deficit of $6,190,511 (2020 – $205,839). The Company has not yet been able to generate positive cash flows from operations. These conditions raise material uncertainties which may cast a significant doubt upon the Company’s ability to continue as a going concern. Whether and when the Company can generate sufficient cash flows to pay for its expenditures and settle its obligations as they fall due after December 31, 2021, is uncertain.

To address the going concern risk, the Company continues to seek equity financing alternatives (see Note 10) to support ongoing operations, monitor general and administrative expenses compared to budget, and optimize its operating processes.

b) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of March 22, 2022

These consolidated financial statements were authorized for issuance by the Board of Directors on March 22, 2022.

2. Basis of preparation (cont'd)

c) Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its controlled subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- power over the investee.
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies.

The Company's material subsidiaries as at December 31, 2021 are as follows:

Name of subsidiary	Country of incorporation	Ownership percentage	Functional currency
Xigem Technology Solutions Inc.	Canada	100%	Canadian Dollar

d) Basis of presentation

The consolidated financial statements are prepared on a going concern basis using the historical cost method, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company presents its classified consolidated statements of financial position distinguished between current and non-current assets and liabilities.

Current assets and liabilities are expected to be settled within one year from the reporting period, and non-current assets and liabilities are those when the recovery or settlement is expected to be greater than a year from the reporting period.

e) Significant judgments

The preparation of the Company's consolidated financial statements under IFRS requires management to exercise judgment in applying the Company's accounting policies. Judgments made by management in the ongoing application of IFRS that have a significant effect on the consolidated financial statements are outlined below:

i) Going concern

The Company applies judgment to determine whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

2. Basis of preparation (cont'd)

e) Significant judgments (cont'd)

ii) Non-financial assets

The Company applies judgment to assess whether there are any indications that its non-financial assets may be impaired. This assessment requires an assessment of external, internal and other indicators at the end of each reporting period.

iii) Provisions and contingencies

The Company may encounter obligations arising from past events, which will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the Company or where the obligation cannot be reliably estimated. The Company reviews such situations at each consolidated statement of financial position date and makes judgments on all information available to determine if an outflow of economic resources can be reliably estimated or not. If this is not possible, a contingency is reported for each material case.

iv) Research and development costs

Judgment is required to distinguish the research phase and the development phase to correctly identify costs that qualify for capitalization.

v) Income taxes

The Company applies judgment in determining the tax rates applicable to the temporary differences to determine the provision for income taxes. Deferred taxes relate to temporary differences between accounting and tax asset values. They are measured using tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences between accounting and tax asset values expected to be deductible or taxable in the future.

f) Use of estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make estimates based on events and circumstances that existed at the consolidated statement of financial position date. Accordingly, actual results may differ from these estimates. Significant estimates made by management with a significant risk of material adjustment in the current and following years are discussed below:

i) Non-financial assets

The Company estimates the useful life of its non-financial assets, which include an assessment of the expected usage of the asset, product life-cycles, technological obsolescence and the period of control over the asset. The useful life impacts the amount of amortization recorded in profit or loss in during the year, and the corresponding reduction of the non-financial assets value.

ii) Share subscription receivable

The Company applies judgment in determining the recoverability of the share subscription receivable. The Company determined that there were no issues with the recoverability of the share subscription receivable as at December 31, 2021.

2. Basis of preparation (cont'd)

f) Use of estimates and assumptions (cont'd)

iii) Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iv) Warrants

The Company uses the Black-Scholes model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value of warrants: risk-free interest rate, exercise price, market price at the date of issuance, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrants or higher volatility number used would result in an increase in the warrant value.

v) COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which will include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions.

Management cannot accurately predict the future impact COVID-19 may have on: (i) the severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labor availability; (ii) availability of essential supplies; (iii) purchasing power of the Canadian dollar; and (iv) ability to obtain additional funding.

At the date of the approval of the consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

g) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

3. Significant accounting policies

a) Future accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")
Amendments to IAS 12 – Income Taxes ("IAS 12")
Amendments to IAS 16 – Property, Plant and Equipment ("IAS 16")
Amendments to IAS 37 – Provision, Contingent Liabilities and Contingent Assets ("IAS 37")

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or the Company is still assessing what the impact will be to the Company's financial statements.

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined by incorporating all factors that market participants would consider in setting a price acting in their economic best interests, including commonly accepted valuation approaches.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability that is accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its "highest and best use" or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Significant accounting policies (cont'd)

c) Foreign currency translation

Transactions in foreign currencies are translated into the respective functional currencies of each company of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the report date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

d) Cash and equivalents

Cash and cash equivalents comprise cash on hand, unrestricted cash, balances with banks, deposits held in trust, and short-term deposits.

e) Property and equipment

Recognition and measurement

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and depreciated separately. Depreciation is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

After initial recognition, the cost model is applied to property and equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of property and equipment for current and comparative periods are as follows: Leasehold improvements are amortized over 5 years. Right-of-use assets over 5 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. Significant accounting policies (cont'd)

f) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets as 'property and equipment' in the consolidated statements of financial position.

The Company applies IAS 36 Impairment to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'property and equipment' policy.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

3. Significant accounting policies (cont'd)

f) Leases (cont'd)

As a lessee (cont'd)

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets, including patents, licenses and trademarks that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The estimated useful life for licenses and trademarks is 5 years. Amortization is calculated to write of the intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Intangible assets not yet available for intended use are not subject to amortization.

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible assets and use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses.

3. Significant accounting policies (cont'd)

h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

i) Provisions

Provisions are recognized when present (legal or constructive) obligations resulting from a past event will lead to a probable outflow of economic resources, and amounts can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered remote, no liability is recognized.

j) Recognition and measurement of financial assets and liabilities

Financial assets include cash and cash equivalents, indirect taxes recoverable and due from related parties. Financial liabilities include accounts payable and accrued liabilities and due to related parties. The Company determines the classification of its financial assets and financial liabilities at initial recognition. The classification of financial instruments depends on the purpose for which they are acquired or incurred. Financial instruments are initially recorded at fair value and, in the case of financial assets or liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument without modification or a valuation technique using market-based inputs.

3. Significant accounting policies (cont'd)

j) Recognition and measurement of financial assets and liabilities (cont'd)

The fair value of other assets and accounts payable and certain other liabilities are estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned, and all the risks and rewards of ownership have been transferred to a third party. Financial liabilities are no longer recognized when the related obligation expires or is discharged or canceled.

The following table outlines the financial assets and liabilities and their classification of those values:

Financial instrument	Classification
Financial assets:	
Cash and cash equivalents	FVTPL
Indirect taxes recoverable	Amortized cost
Share subscription receivable	Amortized cost
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost

Financial assets

The Company's financial assets are classified and measured based on both the business model in which the assets are managed and the asset's contractual cash flow characteristics. Financial assets subsequent to initial recognition are classified and measured based on three categories: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI") with fair value gains or losses recycled to net income on derecognition for loans and receivables only; or (iii) fair value through profit and loss ("FVTPL").

Financial assets at amortized cost

Financial assets are recorded at amortized cost when financial assets are held to collect contractual cash flows, and those cash flows represent payments of principal and interest solely and are not designated as FVTPL. These assets are measured at amortized cost subsequent to initial recognition using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability. The amortized cost is reduced by impairment losses if any. Interest income and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

3. Significant accounting policies (cont'd)

j) Recognition and measurement of financial assets and liabilities (cont'd)

Financial assets (cont'd)

Financial assets at FVOCI

These financial assets are measured at fair value after initial recognition. For debt instruments held to collect contractual cash flows and sell financial assets, interest income is calculated using the effective interest method, and impairment is recognized in profit or loss. Other net fair value gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. For equity instruments not held for trading and where an election to present changes in the fair value subsequent to the initial recognition of such instruments in other comprehensive income is made, dividends are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the investment cost. Other net fair value gains and losses are recognized in OCI and are never reclassified to profit or loss. Regular way transactions are recorded on a trade date basis.

Financial assets at FVTPL

These financial assets are neither held at amortized cost nor at FVOCI as they are managed and evaluated on a fair value basis. These financial assets are measured at fair value subsequent to initial recognition. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless they are derivative instruments designated in an effective hedging relationship.

Financial liabilities

Financial liabilities are initially measured at fair value, and subsequent to initial recognition, are classified and measured based on two categories: (i) amortized cost; or (ii) FVTPL.

Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held for trading. It is derivative or designated as FVTPL on initial recognition. Financial liabilities at FVTPL are subsequently measured at fair value, and net gains and losses, including any interest expenses, are recognized in profit or loss unless they are derivative instruments designated in an effective hedging relationship.

3. Significant accounting policies (cont'd)

k) Derecognition and measurement of financial assets and liabilities

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows or the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

l) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position, only when the Company has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

m) Impairment of financial assets

Expected credit losses ("ECLs") is the probability-weighted estimate of credit losses. The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to the lifetime ECLs.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets and the Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss ("ECL") model. The Company applies the simplified approach which uses lifetime ECLs for accounts receivable and other receivables.

3. Significant accounting policies (cont'd)

n) Income taxes

The Company is subject to tax under *Part I* of the *Income Tax Act of Canada* and is subject to the general rate applicable to Canadian corporations. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive loss or directly in equity, respectively.

Current income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in Canada, where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

o) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Preferred shares are classified as equity if it is non-redeemable or redeemable only at the Company's option and dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval of the Company's shareholders.

p) Share-based compensation

Where equity instruments are granted to employees, they are recorded at the fair value of goods and services received in the statement of loss and comprehensive loss. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the goods or services received are measured, indirectly, by reference to the fair value of equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

3. Significant accounting policies (cont'd)

q) Financial derivatives – warrants

A financial derivative such as a warrant that will be settled with the issuing of the Company's equity instruments will be classified as an equity instrument if the derivative is used to acquire a fixed number of the Company's equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered as a financial liability at fair value through profit or loss if it is used to acquire either a variable number of equity instruments or consideration in a foreign currency, and the warrants were not offered pro-rata to all existing owners of the same class of non-derivative equity instruments.

The fair value of warrants is determined upon their issuance either as part of private placements or in settlement of issuance costs and finders fees, using the Black-Scholes model. All such warrants are classified in warrant reserve, within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

r) Loss per share

The basic loss per common share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted net loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

The dilutive effect of shares on net comprehensive loss per share is calculated by determining the proceeds for the exercise of such securities, which are then assumed to be used to purchase common shares of the Company. Instruments that would be anti-dilutive are not included in the calculation of diluted loss per share.

4. Reverse take-over transaction

On September 22, 2020, 10557536 Canada Corp. ("105CC") entered into a non-binding letter of intent with Xigem. The letter of intent outlined proposed terms and conditions pursuant to which 105CC and Xigem effected a business combination that resulted in a reverse takeover of 105CC by the shareholders of Xigem ("Transaction").

On November 17, 2020, 105CC and Xigem entered into a business combination agreement. A copy of the business combination agreement is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The business combination agreement incorporated principal terms of the Transaction (as specified by the non-binding letter of intent) and provided the basis upon which 105CC and Xigem effected the Transaction in compliance with the Exchange's requirements.

In connection with the closing of the Transaction on March 5, 2021, the following key activities occurred:

i) 105CC split all of its issued and outstanding common shares (the "105CC Common Shares") based on a ratio of approximately 1.6453 post-split 105CC Common Share for every one pre-split 105CC Common Shares ("Share Split"), resulting in 7,359,845 post-split Common shares;

ii) Xigem and 105CC's subsidiary amalgamated under the Business Corporations Act (Ontario) (the "Amalgamation") and the resulting amalgamated entity named Xigem Technology Solutions Inc. ("Amalco") became a wholly-owned subsidiary of Resulting Issuer;

(Expressed in Canadian dollars)

4. Reverse take-over transaction (cont'd)

iii) each Xigem Common Share was cancelled, and the former holders of Xigem Common Shares received one half of one (0.5) Resulting Issuer Common Share for each Xigem Common Share held by them, an aggregate of 66,236,800 Resulting Issuer Common Shares at a deemed value of $0.03 per share were issued on March 3, 2021;

iv) other securities of Xigem (including warrants that are exercisable into Xigem Common Shares) were cancelled and the former holders of such securities received one half of one (0.5) Resulting Issuer Warrants for each Xigem warrant;

v) a total of 1,250,000 Resulting Issuer Common Shares has been issued to related parties, settling debt in the aggregate amount of $50,000; and

vi) the Resulting Issuer was renamed "Xigem Technologies Corporation".

Upon the RTO closing, the former Xigem shareholders held approximately 88% of the outstanding shares of the Company. In substance, the Transaction involves former Xigem shareholders obtaining control of the Company; accordingly, the Transaction is a reverse acquisition under which Xigem is identified as the accounting acquirer. The future consolidated financial statements of the combined entity therefore represent the continuation of Xigem. 105CC did not meet the definition of a business under IFRS 3 Business Combinations ("IFRS 3") prior to the Transaction. The Transaction is therefore accounted for in accordance with IFRS 2 Share-based Payment ("IFRS 2") whereby Xigem is deemed to have issued shares in exchange for the net assets of 105CC at the fair value of the consideration received by Xigem. As a result of this asset acquisition, a listing expenses of $2,402,261 has been recorded. Listing expenses for the year ended December 31, 2021 were relating to deemed value of the shares issued, legal fees, issuance of warrants for consulting services provided, and other related costs, as follows:

	2021
	$
Common shares	1,987,104
Stock options	118,400
Warrants	123,800
Legal fees incurred as part of RTO	173,057
Total consideration	**2,402,361**
Indentifiable net assets acquired:	
Cash	958
Other receivable	5,355
Amount payable and accrued liabilities	(6,212)
Unindentifiable net assets acquired	**100**
RTO listing expense	2,402,261
Total net identifiable assets and transaction cost	**2,402,361**

(Expressed in Canadian dollars)

5. Acquisitions

a) iAgent

On October 20, 2020, the Company acquired the licensing rights to a Simultaneous Messaging Systems and Methods ("iAgent"), a U.S. patented technology (U.S. patent No. 9,756,492) from 2781705 Ontario Inc. for $625,000 in exchange for 25,000,000 units at $0.025 per unit. Each unit consisted of one common share and one-half purchase warrant to acquire a further common share at $0.035 per share. iAgent's current functionality consists of a comprehensive cloud-computing solution for remote business operations, giving increased safety and access to remote virtual work, learning and treatment environments.

The Company accounted for the purchase as an asset acquisition. The purchase price has been allocated to licenses and trademarks and is being amortized over a term of 5 years. As part of the arrangement Xigem will pay to 2781705 Ontario Inc. a royalty fee of 10% of the gross selling price of any iAgent application.

b) FOOi

On August 9, 2021, the Company acquired intellectual property assets related to developed technology of FOOi Inc. ("FOOi"), a mobile app that facilitates digital payments through peer-to-peer and peer-to-business financial transactions for consideration of $564,000, satisfied by the issuance of 1,666,667 common shares in the capital of the Company at a deemed price equal to $0.34 per share. The Company accounted for the purchase as an asset acquisition, allocating a fair value price of $564,000 to intellectual property. As at December 31, 2021, the mobile app was under further development and not available for intended use, and therefore not amortized.

6. Cash and equivalents

Cash held in trust consisted of the proceeds from private placements and exercises of warrants, held in trust by legal counsel, less any amounts transferred to the Company's bank account and disbursements for professional fees.

	2021	2020
	$	$
Cash, held with Canadian chartered banks	**684,036**	2,011,169
Cash, held in trust	**-**	154,791
	684,036	2,165,960

(Expressed in Canadian dollars)

7. Property and equipment

	Right-of-use asset	Leasehold improvements	**Total**
	$	$	**$**
Cost			
Balance at January 1, 2020	-	-	**-**
Additions	173,270	313,273	**486,543**
Balance at December 31, 2021	173,270	313,273	**486,543**
Accumulated amortization			
Balance at December 31, 2020	-	-	**-**
Amortization	23,494	43,924	**67,418**
Balance at December 31, 2021	23,494	43,924	**67,418**
Carrying amounts			
At December 31, 2020	**-**	**-**	**-**
At December 31, 2021	**149,776**	**269,349**	**419,125**

The right-of-use asset consists of a lease for corporate office facilities and is amortized on a monthly basis over 5 year term of lease, ending on April 30, 2026.

8. Intangible assets

	Licences and trademarks	Software	**Total**
	$	$	**$**
Cost			
June 15, 2020	-	-	**-**
Acquisition of iAgent	625,000	6,740	**631,740**
Balance at December 31, 2020	625,000	6,740	**631,740**
Additions	-	866,328	**866,328**
Balance at December 31, 2021	625,000	873,068	**1,498,068**
Accumulated amortization			
June 15, 2020	-	-	**-**
Amortization	24,657	-	**24,657**
Balance at December 31, 2020	24,657	-	**24,657**
Amortization	125,000	30,316	**155,316**
Balance at December 31, 2021	149,657	30,316	**179,973**
Carrying amounts			
At December 31, 2020	600,343	6,740	**607,083**
At December 31, 2021	475,343	842,752	**1,318,095**

(Expressed in Canadian dollars)

9. Lease liability

Lease liability is measured at the present value of the lease payments that were not paid at the reporting date. The lease payments are discounted using an average interest rate of 4%, which is the Company's estimated incremental borrowing rate. The continuity of the lease liabilities is presented in the table below:

	$
Balance at December 31, 2020	**-**
Additions	**173,270**
Interest expense	**4,606**
Payments	**(14,000)**
Less: current portion	**(35,862)**
Balance at December 31, 2021	**128,014**

10. Equity

a) Authorized

Unlimited — Common shares.

Unlimited — First Preference Shares, voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of the Company.

Unlimited — First Preference Shares, non-voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of the Company.

b) Issued and oustanding

	Number of shares	Amount
		$
Balance, June 15, 2021	20,000,000	200,000
Private placement	86,000,000	1,641,149
Acquisition of iAgent	25,000,000	478,096
Issuance of shares for services	1,473,600	28,181
Balance, December 31, 2020	132,473,600	2,347,426
Elimination of Xigem Technology Solutions common shares	(132,473,600)	(2,347,426)
Shares issued to Xigem Technology Solutions shareholders in connection with RTO	66,236,800	2,347,426
Common shares, options and warrants deemed issued in connection with RTO	8,609,845	1,987,104
Shares and warrants issued for private placement	4,135,048	334,232
Shares for debt settlement	1,314,285	296,433
Shares issued on acqusition of FOOi Inc.	1,666,667	564,000
Common shares issued on exercise of warrants	3,215,000	300,617
Balance, December 31, 2021	**85,177,645**	**5,829,812**

(Expressed in Canadian dollars)

10. Equity (cont'd)

c) Warrants

As at December 31, 2021, the Company had the following warrants outstanding with the corresponding average exercise prices:

		Number of warrants	Weighted-avg. exercise price
		#	$
Balance, June 15, 2020		-	-
Warrants issued from private placement		43,000,000	0.070
Warrants issued for acquisition of iAgent		12,500,000	0.070
Warrants issued for services		736,800	0.070
Balance December 31, 2020		56,236,800	0.070
Warrants brought forward at exchange ratio		(28,118,400)	0.070
Acquired in RTO	4	205,663	0.151
Issued	(i)	4,119,048	0.230
Issued for services	(ii)	3,747,982	0.040
Excercised	(iii)	(3,215,000)	0.070
Cancelled/Expired		(25,103,400)	0.070
Balance, December 31, 2021		**7,872,693**	**0.134**

The following table reflects the warrants issued and outstanding as at December 31, 2021:

	Warrants outstanding				Warrants exercisable		
Expiry date	Number outstanding		Average exercise price	Average remaining contractual life (years)	Weighted number exercisable		Weighted number exercisable price
21-Jan-22	205,663	$	0.15	0.06	205,663	$	0.15
20-Sep-23	3,290,600	$	0.01	1.72	3,290,600	$	0.01
01-Jun-24	4,376,430	$	0.23	2.42	4,376,430	$	0.23
	7,872,693	**$**	**0.13**	**0.70**	**7,872,693**	**$**	**0.13**

i) On June 1, 2021, the Company completed a private placement of 4,135,048 units at $0.1575 per unit for gross proceeds of $651,270. Each unit consisted of one common share and one purchase warrant to acquire a further common share at $0.23 per share. The value split between common share and warrants was $383,470 and $267,800, respectively. The fair value allocated between the common shares and warrants on the issuance of the units was based on a relative fair value allocation between the common shares issued and warrants issued. Issuance costs of $49,238 for the year ended December 31, 2021 (2020 – $3,500), associated with the private placement have offset share capital on the statement of financial position.

(Expressed in Canadian dollars)

10. Equity (cont'd)

c) Warrants (cont'd)

ii) On the close of the Transaction (see Note 4), 3,290,600 post-split warrants were vested to Grove Corporate Services Ltd. for past services and have been allocated a fair value of $121,800 and included in listing expenses (Note 4). On June 1, 2021, the Company issued 257,382 finder's purchase warrants to acquire a further common share at $0.23 per share. The finder's warrants have been allocated a fair value of $16,700. The Company issued 200,000 warrants to members of its advisory board. Each Warrant entitles the holder to purchase one Common Share of the Company at an exercise price of $0.35 for a period of five years. The warrants were granted and vested on June 1, 2021, and subsequently cancelled on June 17, 2021. The warrants have been allocated a value fair value of $63,600, included in share-based payments.

iii) During the year ended December 31, 2021, the holders of 3,215,000 warrants exercised their right to convert the warrants into the Company's common shares at a price of $0.07 per common share for gross proceeds of $225,050, allocated to the share capital account on the consolidated statement of financial position.

The fair value was determined using the Black-Scholes pricing model using the following assumptions:

Fair value		0.04-0.32
Share price	$	0.09-0.35
Exercise price	$	0.01-0.23
Expected volatility		150%
Expected life		2.6-5
Expected dividends		-
Risk-free interest rate		0.33% - 0.91%

Expected volatility has been based on an evaluation of comparable companies to the Company. The expected term of the instruments has been based on management's experience and general holder behavior. As at December 31, 2021, 3,215,000 warrants were exercised, and the weighted average remaining contractual lives of the warrants was 0.57 year.

d) Options

The Company adopted the "rolling" stock option plan of the 105CC on March 5, 2021, cancelling all outstanding stock option issued previously by 105CC. The stock option plan entitles key management personnel, employees, directors, and certain consultants the option to purchase common shares of the Company. Under the stock-option plan, holders of vested options are entitled to purchase shares based on the exercise price determined at the grant date. The plan allows for the issuance of up to 10% of the issued and outstanding common shares.

On March 19, 2021, the Company granted 3,925,000 incentive stock options pursuant to its Stock Option Plan. Each option entitled the holder to purchase one common share of the Company at an exercise price of $0.29 for a period of five years from the date of grant and was vested immediately. The fair value of the options was valued at $1,033,300 and are included in share-based payments the statement of loss and comprehensive loss for the year ended December 31, 2021.

(Expressed in Canadian dollars)

10. Equity (cont'd)

d) Options (cont'd)

On April 30, 2021, the Company granted 400,000 incentive stock options pursuant to its Stock Option Plan. Each option entitled the holder to purchase one common share of the Company at an exercise price of $0.55 for a period of three to five years from the date of grant and was vested immediately. The fair value of the options was valued at $188,000 and are included in share-based payments the statement of loss and comprehensive loss for the year ended December 31, 2021. The Company subsequently cancelled 200,000 of incentive stock options on June 1, 2021.

On June 1, 2021 the Company grated 100,000 additional stock options, which entitles the holder to purchase one common share of the Company at an exercise price of $0.35 for a period of five years and vested immediately. The fair value of the options was valued at $31,800 and are included in share-based payments the statement of loss and comprehensive loss for the year ended December 31, 2021.

On July 5, 2021, the Company has granted 200,000 incentive stock options pursuant to its Stock Option Plan. Each Option entitles the holder to purchase one common share of the Company at an exercise price of $0.325 for a period of five years and vested immediately. The fair value of the services received was $59,100 and is included in the statement of loss and comprehensive loss for the year ended December 31, 2021.

The key terms and conditions related to the grants as at December 31, 2021 are as follows; all options are to be settled by physical delivery of shares.

	Vesting conditions	Number of options	Weighted-avg. exercise price
		#	$
Granted to key management personnel	Vesting on grant date	2,100,000	0.290
Granted to directors	Vesting on grant date	1,650,000	0.290
Granted to consultants	Vesting on grant date	4,165,600	0.094
Cancelled	Vesting on grant date	(200,000)	0.550
Outstanding, December 31, 2021		**7,715,600**	**0.177**
Exerciseable, December 31, 2021		**7,715,600**	**0.177**

The following table reflects the stock options issued and outstanding as at December 31, 2021:

Expiry date	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
26-Nov-22	3,290,600	$ 0.01	0.90
30-Apr-24	200,000	$ 0.55	2.33
19-Mar-26	3,925,000	$ 0.29	4.22
01-Jun-26	100,000	$ 0.35	4.42
05-Jul-26	200,000	$ 0.33	4.51
	7,715,600	**$ 0.18**	**2.77**

(Expressed in Canadian dollars)

10. Equity (cont'd)

d) Options (cont'd)

The fair value of the options granted during the year was determined using the Black-Scholes pricing model using the assumptions as follows:

Fair value	$	0.26-0.49
Share price	$	0.29-0.55
Exercise price	$	0.01-0.55
Expected volatility (weighted-average)		150%
Expected life (weighted-average, in years)		3-5
Expected dividends		-
Risk-free interest rate (based on government bonds)		0.48%-0.99%

e) Settlement of debt by issuance of shares

On April 13, 2021, the Company issued 361,904 common shares in settlement of select trade payables through a shares for debt placement amounting to $76,000. The fair value of the shares issued were based on market price on the date of settlement. In addition, on September 3, 2021, the Company issued 952,381 common shares in settlement of select trade payables through a shares for debt placement amounting to $200,000.

f) Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding warrants and options were exercised as at December 31, 2021:

	December 31, 2021
	#
Common shares outstanding	**85,177,645**
Warrants to purchase common shares	**7,872,693**
Options to purchase common shares	**7,715,600**
Maximum share dilution	**100,765,937**

(Expressed in Canadian dollars)

11. Related party transactions and balances

Key management personnel transactions

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Management of the Company appointed by the board of directors as follows: Chief Executive Officer, Chief Financial Officer, Chief Technical Officer.

During the year ended December 31, 2021, key management personnel compensation consisting exclusively of short-term benefits as follows:

	2021	2020
	$	$
Share based payments	**987,229**	-
Management and consulting fees incurred	**302,190**	10,000
Management and consulting fees, in accounts payable	**11,900**	7,526
	1,301,319	17,526

12. Loss per share

	Year ended December 31, 2021	From June 15, 2020 (incorporation) to December 31, 2020
	$	$
Net loss attributable to shareholders	**(5,984,672)**	(205,839)
Weighted-average common shares outstanding:		
Basic	**79,359,378**	31,023,226
Dilutive effect of warrants	**7,715,600**	-
Dilutive effect of stock options	**7,872,693**	-
Diluted	**94,947,671**	31,023,226
Net loss per share attributable to shareholders:		
Basic	**(0.075)**	(0.007)
Diluted	**(0.075)**	(0.007)

(Expressed in Canadian dollars)

13. Income taxes

a) Income tax expense

The following table reconciles the income taxes calculated at the combined Canadian federal and provincial tax rates with the income tax expense as recognized in the statement of loss and comprehensive loss:

	Year ended December 31, 2021	From June 15, 2020 (incorporation) to December 31, 2020
	$	$
Loss before income taxes	**(5,979,858)**	(203,780)
Statutory rate	**26.50%**	26.50%
Expected tax recovery	**(1,584,663)**	(54,002)
Increase (decrease) in income tax expense due to:		
Permanent differences	**429,379**	6,493
Temporary differences	**(20,270)**	7,080
Change in deferred income tax asset not recognized	**1,180,368**	42,488
Income tax expenses (recovery)	**4,814**	2,059

b) Deferred income taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below:

	Year ended December 31, 2021	From June 15, 2020 (incorporation) to December 31, 2020
	$	$
Capital assets	**59,333**	(2,059)
Share issuance costs	**19,240**	-
Non-capital loss carried forward	**1,160,983**	40,975
Deferred tax asset (liability)	**1,239,556**	38,916
Less: deferred tax assets not recognized	**(1,246,429)**	(40,975)
Deferred Tax Asset (Liability)	**(6,873)**	(2,059)

c) Tax losses carried forward

The Company has non-capital loss carryforwards for income tax purposes of $4,381,070, which expire in 2041. These losses may be available to reduce taxable income in future years. The potential benefit of these losses have not been recognized in the financial statements as deferred income tax assets.

(Expressed in Canadian dollars)

14. Financial instruments

a) Accounting classifications and fair values

The following tables combine information about classes of financial instruments based on their nature and characteristics, and the carrying amounts of financial instruments.

As at December 31, 2021:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and equivalents	-	-	-	**684,036**
Share subscription receivable	-	-	-	**200,000**
Carrying value at December 31, 2021	-	-	-	**884,036**
Financial liabilities:				
Accounts payable and accrued liabilities	-	-	-	**507,239**
Carrying value at December 31, 2021	-	-	-	**507,239**

As at December 31, 2020:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and equivalents	-	-	-	2,165,960
Share subscription receivable	-	-	-	200,000
Carrying value at December 31, 2020	-	-	-	2,365,960
Financial liabilities:				
Accounts payable and accrued liabilities	-	-	-	176,224
Carrying value at December 31, 2020	-	-	-	176,224

b) Transfers

For years ended December 31, 2021 and 2020, there have been no transfers between Level 1, Level 2, and Level 3.

14. Financial instruments (cont'd)

c) Financial risk management

The Company has exposure to credit risk, liquidity risk, and market risk arising from financial instruments. Management considers credit risk and market risk to be low.

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables, together with the expected outflows on trade and other payables.

The Company's exposure to liquidity risk is $477,448 as at December 31, 2021 (2020 – $146,433), for which the Company has cash and equivalents of $684,036 on hand to satisfy its liabilities as at December 31, 2021 (December 31, 2020 – $2,165,960). There have been no changes to the method for managing liquidity risk.

15. Capital management

The Company defines capital as its equity. The Company's objective when managing capital is: (i) to safeguard the ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and (ii) to provide an adequate return to shareholders by obtaining an appropriate amount of financing commensurate with the level of risk. The Company sets the amount of capital in proportion to the risk. The Company manages its capital structure and adjusts in light of the changes in economic conditions and the characteristic risk of underlying assets.

To maintain or adjust the capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company’s objective is met by retaining adequate liquidity to provide for the possibility that cash flows from assets will not be sufficient to meet operational, investing, and financing requirements. There have been no changes to the Company's capital management policies during the periods ended December 31, 2021 and 2020.

16. Segmented information

In measuring its performance, the Company does not distinguish or group its operations on a geographical or any other basis and accordingly has a single reportable operating segment. Management has applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of the operations and an expectation of operating segments within a reportable segment with similar long-term economic characteristics.

The Company's Chief Executive Officer is the chief operating decision-maker and regularly reviews The Company’s operations and performance on an aggregate basis. The Company does not have any significant customers or any significant groups of customers.

17. Contingencies and commitments

a) <u>Contingencies</u>

Subsequent to year end, the Company was served with a statement of claim in the Ontario Superior Court of Justice. Lumbermens Credit Group Ltd. ("Lumbermens") has commenced a civil action against Xigem Technologies Corporation as well as 2747524 Ontario Inc. o/a Cylix Data, 997322 Ontario Inc., Roy Murad, Jacob Murad, Aaron Murad, Noah Murad and Monica Murad (the "Action"). The Action seeks, among other things, damages of $32,350,000 for alleged unlawful competition, misuse of confidential information, conversion and copyright infringement. In addition, the Action seeks certain declaratory relief, punitive damages of $1,000,000, interest and legal costs.

The Company has yet to formally deliver its statement of defense. Although evaluation of the merits of the claim as against the Company is difficult at this very early stage, management is of the view that the Action is meritless as against the Company. Management intends to vigorously defend the Action and seek the costs for so doing from the plaintiff.

17. Contingencies and commitments

b) Management services agreement with 2781705 Ontario Inc

On October 20, 2020, and in connection with the acquisition of iAgent, The Company entered into a management services agreement with 2781705 Ontario Inc. The Company is obligated to pay US $20,000 a month for development, maintenance, and support services. The Company can cancel at the earlier of: (i) completion of The Company's platform; (ii) 30-days written notice by either The Company or 2781705 Ontario Inc.; or (iii) mutual consent.

As at December 31, 2021, aggregate amount of CAD $302,328 (2020 – $Nil) has been included in accounts payable and accrued liabilities with respect to management services as per the agreement.

c) Media and marketing relations

On March 30, 2021, The Company retained the services of several investor relations, media and marketing firms ("IR Parties") to provide services for the Company. The IR Parties are arms-length to the Company. Aggregate amount of $404,323 (2020 – $Nil) of above-mentioned services were incurred during the year ended December 31, 2021, and is included in the statement of loss and comprehensive loss.

18. Subsequent events

a) Acquisition of Cylix Data

On January 24, 2022, the Company has purchased substantially all of the assets of 2747524 Ontario Inc. o/a Cylix Data Group ("Cylix"), a business intelligence technology company whose software improves efficiency and increases productivity for business professionals through the supply of information required to implement risk-management and decision-making processes.

Acquisition of assets for an aggregate consideration of $9,058,000, has been settled through the issuance of 64,700,000 units ("Purchaser Units") at a price of $0.14 per Purchaser Unit, with each Purchaser Unit comprised of one common share of the Company, and one-seventh (1/7) of one common share purchase warrant (each whole warrant, a "Purchaser Warrant"). Each Purchaser Warrant entitles the holder to acquire an additional common share of the company at a price of $0.60 for a period of 24 months.

b) Stock options

On January 26, 2022, the Company has granted 4,500,000 incentive stock options pursuant to its Stock Option Plan. Each Option entitles the holder to purchase one common share of the Company at an exercise price of $0.195 for a period of five years and vested immediately.

An aggregate of 4,225,000 of incentive stock options granted during the year ended December 31, 2021, have been cancelled on March 2, 2022.

19. Comparative figures

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