FIRST RESPONDER TECHNOLOGIES INC.

Financial Statements
For the six months ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	December 31, 2019	June 30, 2019
Assets		
Current		
Cash	$ 288,717	$ 1,216,210
Prepaid expenses and deposits	409,790	163,792
Receivables	111,219	28,277
Subscriptions receivable (note 5)	-	31,000
	809,726	1,439,279
Deferred financing costs (note 11)	22,500	22,500
Equipment	60,412	-
Intangible assets (note 4)	1,301,840	1,451,060
	1,384,752	1,473,560
	$ 2,194,478	$ 2,912,839
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	$ 628,801	$ 308,873
Obligation to issue shares (note 4)	316,220	316,220
	945,021	625,093
Shareholders' Equity		
Common shares (note 5)	4,102,563	1,675,400
Common share subscriptions (note 5)	-	1,179,163
Reserves	65,253	-
Deficit	(2,918,359)	(566,817)
	1,249,457	2,287,746
	$ 2,194,478	$ 2,912,839

Approved on behalf of the Board:

"Kal Malhi" (signed)	*"Robert Delamar" (signed)*
Director	Director

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

FIRST RESPONDER TECHNOLOGIES INC.

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2019	**2018**	**2019**	**2018**
Operating expenses				
Accounting and audit fees	$ 39,080	$ 2,500	$ 45,080	$ 10,000
Advertising and promotions	307,055	-	441,927	-
Advisory fees	39,167	-	95,722	-
Amortization and depreciation (note 4)	74,610	-	149,220	-
Interest and bank charges	2,253	167	4,044	392
Investor relations	110,240	-	174,070	-
Legal fees	150,000	15,000	152,777	24,377
Management fees (note 7)	54,891	57,999	221,000	115,998
Office and general expenses	4,599	-	15,642	-
Patents and licensing expenses (note 4)	15,042	-	16,762	950
Professional fees	32,343	-	32,343	-
Rent	9,000	-	16,000	-
Research and development (note 6)	418,162	-	785,074	-
Share based compensation	13,983	-	65,253	-
Transfer agent and filing fees	-	-	15,169	-
Travel	118,523	-	118,523	-
	(1,388,948)	(75,666)	(2,348,606)	(151,717)
Other items				
Foreign exchange loss	(1,381)	-	(2,936)	-
Net loss and comprehensive loss for the period	$ (1,390,329)	$ (75,666)	$ (2,351,542)	$ (151,717)
Basic and diluted loss per share	$ (0.03)	$ (0.01)	$ (0.06)	$ (0.02)
Weighted average number of common shares outstanding	40,955,210	9,810,100	39,479,099	9,481,051

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

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares					
	Number Outstanding	**Amount $**	**Subscriptions $**	**Reserves $**	**Deficit $**	**Total Equity $**
Balance, June 30, 2018	100	100	447,750	-	(45,866)	401,984
Private placements (note 5)	9,810,000	490,500		-		490,500
Share issuance costs	-	(23,075)		-		(23,075)
Common share subscriptions	-	-	(463,750)	-	-	(463,750)
Net loss for the period	-	-	-	-	(151,717)	(151,717)
Balance, December 31, 2018	9,810,100	467,525	(16,000)	-	(197,583)	253,942
Balance, June 30, 2019	34,277,600	1,675,400	1,179,163	-	(566,817)	2,287,746
Private placements (note 5)	6,977,610	2,442,163	(1,179,163)	-	-	1,263,000
Cancelled shares	(300,000)	(15,000)	-	-	-	(15,000)
Share-based compensation	-	-	-	65,253	-	65,253
Net loss for the period	-	-	-	-	(2,351,542)	(2,351,542)
Balance, December 31, 2019	40,955,210	4,102,563	-	65,253	(2,918,359)	1,249,457

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

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended December 31, 2019	2018
Operating activities		
Net loss for the period	$ (2,351,542)	$ (151,717)
Items not affecting cash:		
Amortization and depreciation	149,220	-
Foreign exchange loss	2,936	-
Share based compensation	65,253	-
Change in working capital balances:		
Receivables	(82,942)	(9,248)
Prepaid expenses and deposits	(245,998)	-
Accounts payable and accrued liabilities	301,992	65,366
Cash used in operating activities	(2,161,081)	(95,599)
Investing activities		
Capital expenditures	(60,412)	-
Cash used in investing activities	(60,412)	-
Financing activities		
Common shares issued, net of share issue costs	2,442,163	467,425
Common share subscriptions (notes 5 and 11)	(1,148,163)	(463,750)
Cash provided by financing activities	1,294,000	3,675
Inflow (outflow) of cash	(927,493)	(91,924)
Cash, beginning of period	1,216,210	440,565
Cash, end of period	$ 288,717	$ 348,641

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

1. NATURE OF OPERATIONS AND GOING CONCERN

First Responder Technologies Inc. (the "Company") was incorporated under the *BC Business Corporations Act* on January 27, 2017. The Company is a technology development company that commercializes academic and internally developed intellectual property for the purpose of developing new products for use in the public safety market. The principal business of the Company is the development of detection products and services that empower first responders to react effectively and efficiently in emergencies.

The Company has two areas of product development focus:

(i) Detection – which involves commercializing a new threat detection technology based on academic research developed by Rutgers, The State University of New Jersey ("Rutgers"), and ongoing research and development efforts by its in-house and outsourced development team; and

(ii) Response – which involves commercializing a short acting pepper spray and antidote being developed from a technology licensed from the National Institutes of Health ("NIH").

The Company's registered and records office address is 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7. Its principal place of business is 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company has no current operating income. As at December 31, 2019, the Company has a deficit of $2,918,359 (June 30, 2019 – $566,817) and for the six months then ended incurred a net loss of $2,351,542 (2018 – $151,717). Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

In preparing these condensed consolidated interim 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 financial statements for the year ended June 30, 2019.

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

(b) Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the financial statements

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on February 12, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Critical accounting estimates and assumptions made by management include, but are not limited to, the following:

Recoverability of asset carrying values

Determining the amount of impairment of intangible assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period.

Useful lives of intangible assets

Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Significant areas requiring the use of management's judgments include:

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Treatment of development costs

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any development costs as at June 30, 2019.

Treatment of deferred financing costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

Treatment of acquired intangible assets

Consideration paid in the acquisition of intangible assets is capitalized to the extent that the definition of an intangible asset and the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the intangible asset be identifiable, the Company must have control over it, and it must provide future economic benefits. Management considers these factors in aggregate and applies significant judgment to determine whether the intangible asset should be recognized in the statements of financial position.

Recoverability of intangible assets

The Company assesses at each reporting date if intangibles assets have indicators of impairment. In determining whether intangible assets are impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence, and future plans.

4. INTANGIBLE ASSETS

(a) The National Cancer Institute and the National Institutes of Health ("NIH")

On February 18, 2019, the Company entered into a license assignment agreement with Bullrun Capital Inc. (the "NIH License Assignment Agreement"), pursuant to which Bullrun Capital Inc. assigned to the Company all rights, titles and interests contemplated in the NIH License Agreement. As a result, the Company, through the NIH License Assignment Agreement, holds the nonexclusive worldwide rights for the new pepper spray formulation technology.

(b) Rutgers, The State University of New Jersey, The Research Foundation for the State of University of New York, acting for and on behalf of Binghamton University, and the Trustees of Indiana University (collectively "Rutgers" or the "Licensors")

On June 28, 2019, the Company entered into a license assignment agreement with Bullrun Capital Inc. (the "Rutgers License Assignment Agreement"), pursuant to which Bullrun Capital Inc. assigned to the Company all rights, titles and interests contemplated in the Rutgers License Agreement. As a result, the

(Expressed in Canadian Dollars)

Company, through the Rutgers License Assignment Agreement, holds the exclusive global rights for the new WiFi technology.

As disclosed in note 11, upon completion of the Company's initial public offering ("IPO") and pursuant to the terms of the Rutgers License Assignment Agreement, on January 15, 2020, the Company issued 6,952,322 common shares to Rutgers at a deemed value of $0.35 per common share. . As at June 30, 2019 and December 31, 2019, the Company determined that completion of the IPO was likely and recorded an amount of $316,220 in obligation to issue shares.

		NIH License Assignment Agreement		Rutgers License Assignment Agreement		Total
Cost						
Balance, June 30, 2019	$	608,972	$	882,688	$	1,491,660
Additions		-		-		-
Balance, December 31, 2019	$	608,972	$	882,688	$	1,491,660
Accumulated Amortization						
Balance, June 30, 2019	$	40,600	$	-	$	40,600
Amortization		60,900		88,320		149,220
Balance, December 31, 2019	$	101,500	$	88,320	$	189,820
Cost						
Balance, June 30, 2018	$	-	$	-	$	-
Additions		608,972		882,688		1,491,660
Balance, December 31, 2019	$	608,972	$	882,688	$	1,491,660
Accumulated Amortization						
Balance, June 30, 2018	$	-	$	-	$	-
Amortization		40,600		-		40,600
Balance, December 31, 2019	$	40,600	$	-	$	40,600
Carrying Amounts						
December 31, 2019	$	507,472	$	794,368	$	1,301,840
June 30, 2019	$	568,372	$	882,688	$	1,451,060

5. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

(Expressed in Canadian Dollars)

Six months ended December 31, 2018

On July 5, 2018, the Company completed the first tranche of a non-brokered private placement financing (the "July 2018 Private Placement") raising aggregate gross proceeds of $460,250 through the issuance of 9,205,000 common shares at $0.05 per share.

On July 24, 2018, the Company completed the second tranche of the July 2018 Private Placement raising aggregate gross proceeds of $30,250 through the issuance of 605,000 common shares at $0.05 per share. Associated with the July 2018 Private Placement, the Company incurred share issue costs of $23,075.

Six months ended December 31, 2019

On August 9, 2019, the Company completed a non-brokered private placement of 6,977,610 units at a price of $0.35 per unit for gross proceeds of $2,442,163. Each unit consists of one common share and one half common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.50 per common share for a full warrant for two years from the date of issue.

(c) Common share purchase warrants

As at December 31, 2019 and June 30, 2019, the Company had the following warrants outstanding:

	December 31, 2019			**June 30, 2019**		
Expiry date	**Number of warrants**	**Exercise Price**	**Remaining life (years)**	**Number of warrants**	**Exercise price**	**Remaining life (years)**
August 9, 2021	3,488,802	$0.50	1.61	-	-	-
	32,674,704	**$0.50**	**1.61**	**-**	**-**	**-**

Warrant activity was as follows:

	Number of warrants	Exercise price
Balance at June 30, 2019 and 2018	**-**	**-**
Issued	3,488,802	$0.50
Balance at December 31, 2019	**3,488,802**	**$0.50**

(d) Stock options

On July 11, 2019, the Company implemented an Incentive Stock Option Plan (the "Plan"). Pursuant to the Plan, the Company will grant stock options to directors, officers, employees and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years. The exercise price and vesting terms of the options granted under the Plan will be determined by the Board of Directors.

(Expressed in Canadian Dollars)

As at December 31, 2019 and June 30, 2019, the Company had the following options outstanding:

	December 31, 2019			June 30, 2019		
Expiry date	**Number of options**	**Exercise Price**	**Remaining life (years)**	**Number of options**	**Exercise price**	**Remaining life (years)**
July 25, 2024	3,000,000	$0.05	4.57	-	-	-
	3,000,000	**$0.05**	**4.57**	**-**	**-**	**-**

Option activity was as follows:

	Number of options	Exercise price
Balance at June 30, 2019 and 2018	**-**	**-**
Issued	3,000,000	$0.05
Balance at December 31, 2019	**3,000,000**	**$0.05**

The Company used the Black-Scholes option pricing model to determine the fair value of the 3,000,000 options granted for the six months ended December 31, 2019 with a weighted average fair value of $0.0373. The following weighted average assumptions were used:

	2019
Risk-free interest rate	1.43%
Expected dividend yield	0.00%
Expected stock price volatility	100%
Expected option life in years	5.00
Forfeiture rate	0.00%

During the six months ended December 31, 2019, the Company recorded $65,253 (2018 – $nil) in relation to the vesting of the stock options.

6. RESEARCH AND DEVELOPMENT

Details of research and development expenses during the six months ended December 31, 2019 and 2018 are as follows:

	Six months ended December 31,			
		2019		**2018**
WiFi-based weapons detection - third party research and development		618,669		-
WiFi-based weapons detection – in-house research and development		132,031		-
Pepper spray formulation - third party research and development	$	28,374	$	-
Pepper spray formulation - in-house research and development		6,000		-
Other		-		-
	$	785,074	$	-

7. RELATED PARTY TRANSACTIONS

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the six months ended December 31, 2019, the Company incurred management fees of $131,000 (2018 – $43,998) to the Company's key management personnel.

During the six months ended December 31, 2019, the Company incurred research and development costs of $128,612 (2018 – $nil) to the Company's key management personnel.

During the six months ended December 31, 2019, the Company incurred management fees of $90,000 (2018 – $72,000) and audit fees of $nil (2018 – $2,500) to companies owned directly or indirectly by key management personnel of the Company.

As at December 31, 2019, accounts payable and accrued liabilities includes $31,500 (June 30, 2019 – $3,500) payable to key management personnel and companies owned directly or indirectly by key management personnel.

Amounts due to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

8. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk.

As at December 31, 2019, the Company had a cash balance of $288,717 (June 30, 2019 – $1,216,210) available to apply against short-term business requirements and current liabilities of $945,021 (June 30, 2019 – $625,093). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2019.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

9. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. 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.

The Company defines its capital as shareholders' equity. 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.

10. SEGMENTED INFORMATION

The Company has one operating segment, technology development. All assets of the Company are located in Canada.

11. EVENTS AFTER THE REPORTING DATE

On January 14, 2020 (the "Completion Date") the Company completed its IPO with the Canadian Securities Exchange ("CSE") of 13,974,186 units ("Unit") issued at a price of $0.35 per Unit. The IPO generated aggregate gross proceeds of $4,890,965.

Each Unit is comprised of one common share of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant"). Each Warrant is exercisable into one Common Share at a price of $0.50 per Common Share for a period of twenty-four months from the Completion Date.

Pursuant to an agency agreement between the Company and PI Financial Corp. (the "Agent"), the Agent will receive a cash commission equal to 8% of the gross proceeds, be paid a corporate finance fee of $25,000, be reimbursed for reasonable expenses, and will be granted non-transferable agent Warrants equal to 8% of the Units sold in the IPO to purchase Common Shares at a price of $0.50 per Common Share, exercisable for a period of 24 months from the Completion Date. The Agent will also be reimbursed by the Company for the Agent's expenses, including legal fees, incurred pursuant to the agency agreement. As at December 31, 2019 and June 30, 2019, included in deferred financing costs is an amount of $22,500 paid to the Agent.

In connection with the Company's CSE listing, the Company will grant an aggregate of 2,690,000 incentive stock options in accordance with the Company's stock option plan to certain directors, officers and consultants of the Company.