FIRST RESPONDER TECHNOLOGIES

FIRST RESPONDER TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

For the six months ended December 31, 2021, and 2020

(Expressed in Canadian Dollars)

NOTICE TO THE 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 condensed consolidated financial statements, they must be accompanied by a notice indicating that the unaudited interim condensed consolidated financial statements have not been reviewed by an auditor.

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

February 28, 2022

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

		As at	
	Notes	**December 31, 2021**	June 30, 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 34,242**	$ 53,657
Taxes Receivable		**9,164**	24,503
Prepaid expenses and deposits		**50,000**	57,221
		93,406	135,381
Non-current assets			
Equipment	5	**-**	41,670
TOTAL ASSETS		**$ 93,406**	$ 177,051
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 935,489**	$ 1,537,031
Due to related parties	11	**434,102**	-
Short-term loan	7	**100,000**	-
		1,469,591	1,537,031
Non-current liabilities			
Loan payable	8	**348,696**	337,405
Total liabilities		**1,818,286**	1,874,436
Shareholders' equity			
Share capital	9	**10,406,369**	10,329,385
Reserves		**802,994**	802,994
Deficit		**(12,934,244)**	(12,829,764)
Total equity		**(1,724,881)**	(1,697,385)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**$ 93,406**	$ 177,051

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board on February 28, 2022:

" Kulwant Malhi"	*"Michael Kelly"*
Kulwant Malhi, Director	Michael Kelly, Director

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

FIRST RESPONDER TECHNOLOGIES INC.
Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Expenses					
Professional fees	11	**$ 61,339**	$ 99,788	**$ 74,026**	$ 196,010
Management Fees	11	**31,000**	189,078	**59,000**	365,882
Office, telephone and miscellaneous		**19,161**	36,652	**34,581**	66,581
Consulting fees	11	**11,857**	35,733	**23,714**	84,556
Transfer agent and filing fees		**12,732**	19,123	**16,626**	25,290
Financing cost	7, 8	**8,739**	-	**15,603**	-
Advertising and promotion		**2,983**	6,458	**4,274**	61,131
Amortization	5	**-**	132,420	**-**	264,840
Investor Relations		**-**	40,589	**-**	187,664
Patents and licensing expenses		**-**	12,213	**-**	16,621
Rent		**-**	27,000	**-**	53,000
Research and development	10	**-**	644,762	**-**	1,319,094
Share based compensation	9	**-**	102,126	**-**	198,317
Net loss before other income (expense)		**147,811**	**1,345,942**	**227,824**	2,838,986
Other income (expense)					
Gain on debt settlement	9	**39**	-	**135,142**	-
Gain on debt forgiven		**-**	-	**18,900**	-
Foreign exchange gain		**1,062**	30,884	**10,922**	39,514
Interest income		**27**	1,851	**52**	3,129
Impairment of equipment	5	**-**	-	**(41,670)**	-
Net loss for the period		**$ (146,683)**	$ (1,313,207)	**$ (104,478)**	$ (2,796,343)
Weighted average number of shares outstanding – basic		**64,961,022**	61,881,718	**64,961,022**	61,881,718
Weighted average number of shares outstanding – diluted		**73,066,049**	61,881,718	**73,066,049**	61,881,718
Earnings (loss) per common share - basic		**$ (0.00)**	$ (0.02)	**$ (0.00)**	$ (0.05)
Earnings (loss) per common share - diluted		**(0.00)**	(0.02)	**(0.00)**	(0.53)

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

FIRST RESPONDER TECHNOLOGIES INC.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

		Share Capital				
	Note	Number of shares	Amount	Reserves	Deficit	Total Equity
Balance, June 30, 2020		61,881,718	$ 10,329,385	$ 886,533	$ (7,709,999)	$ 3,505,919
Share-based payments	9	-	-	198,317	-	198,317
Net loss for the period		-	-	-	(2,796,343)	(2,796,343)
Balance, December 31, 2020		61,881,718	$ 10,329,385	$ 1,084,850	$ (10,506,342)	$ 907,893
Balance June 30, 2021		61,881,718	$ 10,329,385	$ 802,994	$ (12,829,764)	$ (1,697,385)
Shares issued for debt settlement	9	3,079,304	76,983	-	-	76,983
Net loss for the period		-	-	-	(104,478)	(104,478)
Balance, December 31, 2021		64,961,022	$ 10,406,368	$ 802,994	$ (12,934,242)	$ (1,724,880)

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

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

	For the six months ended	
	December 31, 2021	December 31, 2020
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the period	**$ (1,04,478)**	$ (2,058,024)
Items not affecting cash:		
Amortization	**-**	264,840
Financing cost	**12,510**	-
Debt forgiven	**(135,142)**	-
Foreign exchange (gain)	**(10,922)**	(39,514)
Share-based compensation	**-**	198,317
Impairment of intangible asset	**41,670**	-
Change in working capital balances:		
(Increase) decrease in taxes receivables	**15,339**	(53,211)
Decrease in prepaid expenses and deposits	**7,221**	116,373
Increase (decrease) in accounts payable and accrued liabilities	**(379,715)**	618,923
Increase in due to related parties	**434,102**	-
Increase in short-term loan	**100,000**	-
Cash used in operating activities	**(19,415)**	(952,296)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	**-**	(5,319)
Cash used in investing activities	**-**	(5,319)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from loan	**-**	351,213
Cash provided by financing activities	**-**	351,213
Decrease in cash and cash equivalents	**(19,415)**	(606,402)
Cash and cash equivalents (bank indebtedness), beginning of period	**53,657**	1,548,903
Cash and cash equivalents, end of period	**$ 34,242**	$ 942,501

Supplemental cash flow information (Note 16)

The accompanying notes are an integral part of these interim condensed consolidated 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. On January 14, 2020, the Company completed its initial public offering ("IPO") and is now publicly traded on the Canadian Securities Exchange ("CSE") under the ticker WPN. 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 was the development of detection products and services based on WiFi-based detection technology that can be used to detect dangerous concealed weapons. The Company is currently exploring opportunities in this line of business.

The Company's registered and records office address is 725 – 6388 No.3 Road, Richmond, BC, V6Y 0L4. Its principal place of business is 725 – 6388 No.3 Road, Richmond, BC, V6Y 0L4.

On November 27, 2020, the Company entered into a letter of intent (the "LOI"), which sets out the basic terms and conditions for the acquisition (the "Acquisition") by the Company of all of the issued and outstanding common shares in the capital of Airbeam Wireless Technologies Inc. ("Airbeam") in exchange for common shares in the capital of the Company. The Acquisition is expected to be structured as a reverse takeover. Upon successful completion of the Acquisition, it is anticipated that the resulting entity will continue the combined businesses of Airbeam and First Responder under a name to be determined by the parties. On March 2, 2021, the Company entered into a definitive agreement with Airbeam to complete the Acquisition which was then terminated on March 14, 2021.

These interim condensed consolidated financial statements (the "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, 2021, the Company has a deficit of $12,934,244 (2020 – $12,829,764), a working capital deficit of $ 1,376,184 (2020 – $1,401,650) and, for the six months ended, incurred a net loss of $104,478 (2020 – net loss of $2,796,343). 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

Statement of compliance

These 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 Financial statements do not include all of the information required for full annual financial statements. These Financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2021.

2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

In preparing these 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 consolidated financial statements for the year ended June 30, 2021.

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

Basis of presentation

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

Approval of the Financial statements

These Financial statements were authorized for issue by the Audit Committee and Board of Directors on February 28, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These Financial statements include the accounts of the Company and its subsidiary. Subsidiaries are those entities over which the Company has the power over an investee, has exposure to variable returns from the investee and can use its power over the investee to affect its returns. The financial accounts of the subsidiaries are included in these financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

The Company has 100% ownership in its sole subsidiary, First Responder Technologies (USA) Inc. which was incorporated on June 17, 2020, in the state of Delaware, USA.

When the Company ceases to control a subsidiary, assets, liabilities, and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investments retained in the former subsidiary are recognized at their fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

The functional currency of the Company and its subsidiary is the Canadian dollar ("CAD"). Accounts denominated in currencies other than the Canadian dollar have been translated as follows:

- Monetary assets and liabilities at the exchange rate at the consolidated statements of financial position date;
- Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined.
- Shareholders' equity items at historical exchange rates; and
- Revenue and expense items at the rate of exchange in effect on the transaction date.

Exchange gains and losses arising from translation to the Company's presentation currency are recorded as foreign exchange loss (gain), which is included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and a cashable guaranteed investment certificate that are readily convertible into known amount of cash and subject to an insignificant risk of change in value.

Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, measured at fair value through profit or loss or measured at fair value through other comprehensive income. The Company recognizes a financial asset when it becomes party to the contractual provisions of the instrument.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in the consolidated statements of comprehensive loss. The Company classifies cash and cash equivalents as fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured at amortized cost.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized, or its fair value substantially decreases.There are no financial assets classified as measured at FVTOCI.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Derecognition

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and the loan, both of which are classified as financial liabilities measured at amortized cost.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and cash equivalents and accounts payable and accrued liabilities. Their carrying values approximate the fair values due to short-term maturity of these instruments. The loan is classified as level 3.

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

The Company utilizes the straight-line method of depreciation. The depreciation rates applicable to each category of equipment are as follows:

Exhibit equipment	straight-line basis	3 years
Computer equipment	straight-line basis	2 years
Research & development equipment	straight-line basis	2 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment.

The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of comprehensive loss.

Intangible assets

Licenses acquired separately are measured on initial recognition at fair value, which includes the estimated fair value of any contingent consideration. Subsequent changes to the value of contingent consideration on settlement are capitalized to the associated intangible asset.

Following initial recognition, licenses with finite useful lives are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The Company amortizes its licenses over five years using the straight-line basis.

At each reporting date, the Company assesses whether there is objective evidence that the licenses are impaired. If such evidence exists, the Company will determine the recoverable value and recognize an impairment loss, if necessary. The loss is the difference between the carrying value and recoverable value, which is the higher of fair value less costs of disposal and value in use. The carrying amount of the licenses is reduced by this amount. Impairment losses are reversed in subsequent periods if the amount of the loss decreases, and the decrease can be related objectively to an event or condition occurring after the impairment was recognized. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized.

Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

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. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company has a stock option plan and a restricted share unit plan which are described in note 8(d) and 8(e). Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. The fair value of stock options is measured using Black Scholes option pricing model. Restricted share units are measured using the fair value of the shares on the date of grant. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve.

Reserves consists of the fair value of stock options, warrants and restricted share units granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options or warrants vest and then subsequently expire or are forfeited, no reversal of reserve is recognized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development

The Company incurs costs on activities that relate to research and development of new products. Research and development costs are expensed, except in cases where development costs meet certain identifiable criteria for deferral, including technical and economic feasibility. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Deferred development costs are amortized over the life of related commercial production, or in the case of serviceable property and equipment, are included in the appropriate property group and are depreciated over its estimated useful life. The Company nets investment tax credits and government assistance against applicable expenditures when there is reasonable assurance that the income tax credits will be realized. As at December 31, 2021, the Company has not capitalized any research and development costs.

Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The 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 adjusted for the risks specific to the asset group and 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Use of estimates and judgments

The preparation of consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

Useful lives of intangible assets and equipment

Amortization and depreciation 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 and equipment resulting in a change in related amortization or depreciation expense.

Share-based payments

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based payments made to those other than employees or others providing similar services.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted for share-based payments made to employees or others providing similar services. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option or warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 8.

Discount rate on loan

The Company has applied estimates with respect to the discount rate utilized in calculating the present value of future cash flows for the loan. Management estimates the discount rate based on comparable market rate loans with third parties.

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

Going concern

The assessment of whether the going 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 of December 31, 2021.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

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 and equipment

The Company assesses at each reporting date if intangibles and equipment 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.

Recoverability of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in cashable guaranteed investment certificates with no fixed maturity date and an interest rate of 0.50%.

The Company's cash and cash equivalents at December 31, 2021 and June 30, 2021 are as follows:

	December 31, 2021	June 30, 2021
Cash held in bank accounts	**$ 9,215**	$ 28,657
Term deposits	**25,027**	25,000
	$ 34,242	$ 53,657

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Exhibit Equipment	Computer Equipment	R&D Equipment	Total
Cost				
Balance June 30, 2020	$ 59,337	$ 26,761	$ 1,783	$ 87,881
Additions	-	5,319	-	5,319
Balance June 30, 2021	59,337	32,080	1,783	93,200
Written off	(59,337)	(32,080)	(1,783)	(93,200)
Balance December 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**
Accumulated Amortization				
Balance June 30, 2020	$ 9,000	$ 6,900	$ 350	$ 16,250
Amortization	19,680	14,760	840	35,280
Balance June 30, 2021	28,680	21,660	1,190	51,530
Written off	(28,680)	(21,660)	(1,190)	(51,530)
Balance December 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**
Carrying Amounts				
June 30, 2021	$ 30,657	$ 10,420	$ 593	$ 41,670
December 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**

6. INTANGIBLE ASSETS

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”)

In consideration for the Rutgers License Agreement, Bullrun Capital agreed to pay to the Licensors:

- a license issue fee of US$25,000 ($32,718, paid during the year ended June 30, 2020);
- milestone payments of:
  - US$50,000 upon cumulative net sales exceeding US$5,000,000; and
  - US$100,000 upon cumulative net sales exceeding US$25,000,000.
- running royalties of:
  - 8% of net sales for certain licensed products including any material, product, kit, service, process or procedure that, in whole or in part, are covered by the patent; and
  - 4% of net sales for certain licensed products including any material, product, kit, service, process or procedure that incorporates, uses or derives from the Licensors technology or the development, manufacture, use, sale or importation of which incorporates, uses or is derived from the Licensors technology.
- minimum annual royalties of:
  - US$25,000 at the end of the calendar year in which the first commercial sale occurs (“Year 1”);
  - US$50,000 at the end of the calendar year following Year 1 (“Year 2”).
  - US$100,000 at the end of the calendar year following Year 2 (“Year 3”).
  - US$200,000 at the end of each calendar year following Year 3.

(Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (continued)

- equity consideration of:
  - 10% of the Company's total outstanding capital stock on a fully diluted basis, as-converted basis immediately after any initial public offering (6,952,322 common shares issued during the year ended June 30, 2020, see discussion below); and
  - 2.5% of the Company's then-total outstanding capital stock on a fully diluted, as-converted basis within 15 days of the earlier of: (i) issuance of any patent related to Rutgers' patent rights or technology, or (ii) the Company achieving cumulative net sales of US$6,500,000 from licensed products.

Furthermore, the agreement required that the Licensee enter into a Sponsored Research Agreement of at least US$800,000 (amended to US$180,000) with Rutgers which was executed during the year ended June 30, 2020.

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 Company, through the Rutgers License Assignment Agreement, holds the exclusive global rights for the new WiFi technology. As consideration and as per the terms of the Rutgers License Assignment Agreement, the Company issued 10,675,000 common shares of the Company to Bullrun Capital with a fair value of $0.05 per share for a total value of $533,750. As part of the Rutgers License Assignment Agreement, the Company assumed all obligations for the consideration disclosed above.

During the year ended June 30, 2021, the Company made the strategic decision to stop further development of its WiFi-based weapons detection technology while it reviews the technological feasibility of the project and other strategic alternatives. The license associated with the Rutgers License Assignment Agreement is in the process of being terminated. As a result, due primarily to the Company no longer has the intention to pursue this project, during the year ended June 30, 2021, indicators of impairment existed leading to a test of recoverable amount of the Rutgers License Assignment Agreement, which resulted in an impairment loss of $1,615,932. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the intangible asset at this stage of operations. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

		Rutgers License		**Total**
Cost				
Balance, June 30, 2020	$	2,478,356	$	2,478,356
Impairment		(2,478,356)		(2,478,356)
Balance, June 30, and December 31, 2021		-		-
Accumulated Amortization				
Balance, June 30, 2020		322,784		322,784
Amortization		539,640		539,640
Impairment		(862,424)		(862,424)
Balance, June 30, and December 31, 2021	$	-	$	-
Carrying Amounts				
December 31, 2021	$	-	$	-
June 30, 2021	$	-	$	-

(Expressed in Canadian Dollars)

7. SHORT-TERM LOAN

On August 24, 2021, the Company entered into a loan agreement with Justin Sangha to borrow $100,000 for a period of one (1) year maturing on August 24, 2022. The loan bear interest at a rate of 12% per annum and is computed on the principle outstanding from the date of advance until the loan is paid in full. Interest accrued till Dec 31, 2021, is $ 4,312.

8. LOAN PAYABLE

On October 10, 2020, the Company entered into a Regional Relief and Recovery Fund ("RRRF") Agreement with Western Economic Diversification Canada (the "RRRF Agreement"). The RRRF provides assistance to businesses and communities that may require additional support to cope with and recover from the COVID-19 pandemic and is part of Canada's COVID-19 Economic Response Plan.

During the year ended June 30, 2021, the RRRF Agreement provided the Company with an interest-free, repayable contribution from the government of $439,016 which is to be repaid in monthly instalments of $12,200 commencing January 31, 2023 and ending December 31, 2025.

The total amount of undiscounted future cash flows required to settle the RRRF obligation as at December 31, 2021 was $439,016. The future cash flows have been discounted using a rate of 8.50% for a period of 5 years.

		Amount
Balance, June 30, 2020	$	-
Additions		439,016
Discount		(112,903)
Accretion		11,292
Balance, June 30, 2021		337,405
Accretion		11,290
Balance, December 31, 2021	$	348,695

9. SHAREHOLDER'S EQUITY

Authorized

Unlimited number of common shares without par value.

Issued and outstanding

As at December 31, 2021, there are 64,961,022 number of shares issued and outstanding.

For the six months ended December 31, 2021

On September 24, 2021, pursuant to the debt settlement agreements, the Company issued 3,079,304 common shares at $0.06 pers share in the share capital of the Company to settle an aggregate debt of $184,758. Accordingly, the Company recognized a gain on settlement of $107,775.

(Expressed in Canadian Dollars)

9. SHAREHOLDER'S EQUITY (continued)

Issued and outstanding (continued)

For the year ended June 30, 2021

No shares were issued during the year ended June 30, 2021.

Common share warrants

The following table depicts the share warrants activity during the period ended December 31, 2021, and June 30, 2021:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2020	-	$ -
Granted	11,593,829	0.50
Balance, June 30, 2021	11,593,829	0.50
Expired	(3,488,802)	-
Balance, December 31, 2021	8,105,027	$ 0.50

As at December 31, 2021, the Company had the following warrants outstanding:

Expiry date	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
January 14, 2022	6,987,093	$ 0.43	0.03
January 14, 2022	1,117,934	0.07	0.03
	8,105,027	$ 0.50	0.07

Stock options

On July 11, 2019, the Company implemented an Incentive Stock Option Plan (the "Stock Option Plan"). Pursuant to the Stock Option 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 Stock Option Plan will be determined by the Board of Directors.

Following table depicts the share options activity during the period ended December 31, 2021, and June 30, 2021:

	Number of options	Weighted average exercise price
Balance at June 30, 2020	5,942,234	$ 0.20
Forfeited	(5,924,234)	0.00
Balance at June 30 and December 31, 2021	-	$ -

For the period ended December 31, 2021, the Company recorded share-based expense of $Nil (2020 – $96,191) in relation to stock options granted in prior years.

(Expressed in Canadian Dollars)

9. SHAREHOLDER'S EQUITY (continued)

Restricted share units

On April 8, 2020, the Company implemented a Restricted Share Unit Plan (the "RSU Plan"). Pursuant to the RSU Plan, the Company will grant restricted share units ("RSUs") to directors, officers, employees and consultants for services, provided that the maximum number of common shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 20% of the common shares issued and outstanding from time to time, less any common shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan. The settlement and method of settlement and vesting terms of the RSUs granted under the RSU Plan will be determined by the Board of Directors.

RSUs activity was as follows:

	Equity settled
Balance at June 30, 2020	4,141,000
Granted(1)	1,200,000
Forfeited	(5,340,000)
Balance at June 30, 2021, and December 31, 2021	-

The estimated fair value of the equity settled RSUs granted during the six months ended December 31, 2021 was $Nil (2020 – $148,000) and was based on the fair market value of one common share on the date of issuance, which will be recognized as an expense over the vesting period of the RSUs.

During the six months ended December 31, 2021, the Company recorded an expense of $Nil (2020 – $66,643) in relation to the vesting of equity settled RSUs.

10. RESEARCH AND DEVELOPMENT

Details of research and development expenses are as follows:

	December 31, 2021	December 31, 2020
WiFi-based weapons detection – third party research and development	$ -	$ 576,310
WiFi-based weapons detection – in-house research and development	-	98,022
	$ -	$ 674,332

11. 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.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (continued)

As at December 31, 2021, $434,102 (June30, 2021 – $Nil) was due to directors and officers of the Company.

	As at	
	December 31, 2021	June 30, 2021
Company controlled by the CEO	**$ 77,576**	$ -
Director	**3,150**	-
Company controlled by a director	**1,000**	-
Close family of the CEO	**352,376**	-
	$ 434,102	$ -

During the period ended December 31, 2021, the Company entered into the following transactions with related parties:

	Six months ended	
	December 31, 2021	December 31, 2020
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	**$ 59,000**	$ 81,000
Consulting fees	**23,714**	113,502
Professional fees	**8,000**	-
	$ 90,714	$ 194,502

Management fees were paid or accrued to the following:

	Six months ended	
	December 31, 2021	December 31, 2020
CEO	**$ 45,000**	$ -
CFO	**17,500**	-
Former CEO	**-**	45,000
Former CFO	**-**	36,000
	$ 62,500	$ 81,000

Consulting fees were paid or accrued to the following:

	Six months ended	
	December 31, 2021	December 31, 2020
Company controlled by a Director	**$ 5,714**	$ -
Director	**18,000**	3,000
Companies controlled by a Former Director	**-**	48,000
CTO	**-**	62,502
	$ 23,714	$ 113,502

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (continued)

Professional fees were paid or accrued to the following:

	Six months ended	
	December 31, 2021	December 31, 2020
Company controlled by CFO	**$ 8,000**	$ -
	$ 48,000	$ -

On September 23, 2021, the Company entered into a debt assignment agreement with an existing vendor whereby a total of $352,376 in debt was assigned to the CEO.

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

12. RISK MANAGEMENT

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 and cash equivalents. The Company is not exposed to significant credit risk as its cash and cash equivalents are placed with a major Canadian financial institution.

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, 2021, the Company had a cash and cash equivalent balance of $34,242 (June 30, 2021 – $53,657) available to apply against short-term business requirements and current liabilities of $1,469,590 (June 30,2021 – $1,537,031). All the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2021. The short-term loan is to be repaid before August 24, 2022, along with the interest (Note 7).

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.

13. CAPITAL MANAGEMENT

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

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

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT (continued)

The Company defines its capital as shareholders' equity (deficiency). Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

There were no changes to the Company's approach to capital management for the six months ended December 31, 2021.

13. SEGMENTED INFORMATION

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

14. COVID-19

Since March 2020, 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 include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of the Financial statements, there may be further significantly adverse impact on the Company's financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated. The pandemic has had little effect as the Company does not have significant operations and is evaluating projects.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing transactions during the periods ended December 31, 2021, and 2020:

	For six months ended	
	December 31, 2021	December 31, 2020
Non-cash financing activities:		
Shares issued for debt settlement	**$ 76,983**	$ -
Fair value of stock options vested	**$ -**	$ 198,317