Plank Ventures Ltd.

Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended July 31, 2021 and 2020

Index

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Plank Ventures Ltd.

Opinion

We have audited the consolidated financial statements of Plank Ventures Ltd. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this audit report. 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
November 29, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

PLANK VENTURES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	Notes		July 31, 2021		July 31, 2020
ASSETS					
Current Assets					
Cash		$	4,118,800	$	611,961
Accounts and other receivables	5		962,164		851,247
Loan receivable	8		113,851		-
Prepaid expenses			102,329		24,880
Digital currencies			-		15,696
			5,297,144		1,503,784
Non-Current Assets					
Equipment	6		2,362		139
Right-of-use asset	7		25,930		79,786
Intangible assets	9		2,313,583		2,428,932
Investments	10		3,481,743		2,765,939
TOTAL ASSETS		$	11,120,762	$	6,778,580
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	11,17	$	1,862,012	$	1,111,902
Due to former parent company	15		-		6,543,410
Related party loans	14		-		2,587,636
Current portion of lease liability	12		16,276		29,761
Current portion of term loans payable	13		11,899		985
Deferred government grant	13		29,658		126,538
Deferred revenue	18		621,651		203,507
			2,541,496		10,603,739
Non-Current Liabilities					
Lease liability	12		7,025		53,335
Term loans payable	13,14		2,785,454		48,897
Long-term note payable	19		261,761		-
Deferred tax liability	24		466,659		263,773
TOTAL LIABILITIES			6,062,395		10,969,744
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	16		3,951,162		536,521
Contributed surplus	15,16		6,543,083		-
Share based payment reserves	16		23,532		12,632
Equity portion of debt	14		635,797		165,983
Accumulated other comprehensive loss			(116,407)		(30,402)
Deficit			(7,326,452)		(6,121,324)
Equity attributable to shareholders of the Company			3,710,715		(5,436,590)
Non-controlling interest	20		1,347,652		1,245,426
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)			5,058,367		(4,191,164)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	11,120,762	$	6,778,580

Nature of operations and going concern uncertainty	1
Subsequent events	25

Approved on behalf of the board

"Brian O'Neill"	*"Laurie Baggio"*
Brian O'Neill, Director	Laurie Baggio, Director

See accompanying notes to the consolidated financial statements

PLANK VENTURES LTD.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)

	Notes	Year ended July 31, 2021	2020
REVENUE			
Sales revenue	23	$ 2,811,740	$ 1,137,969
Cryptomining		-	1,581
		2,811,740	1,139,550
COST OF REVENUE			
Hosting charges and other		628,917	114,000
Gross Profit		**2,182,823**	**1,025,550**
EXPENSES			
Amortization	6,7,9	235,584	157,652
Management and consulting fees	17	261,799	128,935
Personnel		1,981,987	981,963
Professional fees	17	364,844	321,130
Office and administration	17	411,747	187,301
Regulatory and filing fees	17	1,192	5,000
Share-based payments	16	10,900	12,632
Foreign exchange		(89,689)	(24,561)
		3,178,364	1,770,052
Interest expense	12,13,14,19	487,266	260,760
Interest income	8,10	(24,983)	(31,445)
Impairment of goodwill	4,9	432,663	-
Dividend income	10	(26,811)	-
Gain on sale of investments		-	(17,591)
Recovery of a previously impaired investment	10	(407,349)	-
Gain on government grant	13	(362,861)	(138,728)
Fair value gain on investments	10	(97,106)	(811,193)
Fair value loss on purchase option	9	59,322	18,632
Other income		(100,000)	(4,242)
Loss (gain) on fair value of digital currencies		(23,747)	3,430
		(63,606)	(720,377)
Net income (loss) for the year before tax		(931,935)	(24,125)
Deferred income tax recovery (expense)	24	(45,242)	74,984
Net income (loss) for the year		**$ (977,177)**	**$ 50,859**
Net income (loss) attributable to:			
Shareholders of the parent company		$ (831,051)	$ 210,328
Non-controlling interest	20	(146,126)	(159,469)
		$ (977,177)	**$ 50,859**
Other comprehensive income (loss):			
Foreign currency translation gain (loss) attributed to equity shareholders of the parent company		$ (86,005)	$ (30,402)
Foreign currency translation gain (loss) attributed to NCI		(125,725)	-
Comprehensive income (loss) for the year		**$ (1,188,907)**	**$ 20,457**
Income (loss) per share			
Basic		**$ (0.12)**	**$ 0.00**
Diluted		**$ (0.12)**	**$ 0.00**
Weighted average number of common shares outstanding			
Basic		**9,584,971**	**6,357,924**
Diluted		**9,858,360**	**6,357,924**

See accompanying notes to the consolidated financial statements.

PLANK VENTURES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars)

		Share capital								
	Note	Number of shares	Amount	Contributed surplus	Share based payment reserves	Equity portion of debt	Accumulated other comprehensive income	Deficit	Non-controlling interest	Total
Balance at July 31, 2019		**6,357,924**	**$ 536,521**	**$ -**	**$ -**	**$ 165,983**	**$ -**	**$ (6,331,652)**	**$ -**	**$ (5,629,148)**
Share-based payments	16	-	-	-	12,632	-	-	-	-	12,632
Investment in subsidiary	4	-	-	-	-	-	-	-	1,404,895	1,404,895
Foreign currency translation		-	-	-	-	-	(30,402)	-	-	(30,402)
Income for the year	20	-	-	-	-	-	-	210,328	(159,469)	50,859
Balance at July 31, 2020		**6,357,924**	**536,521**	**-**	**12,632**	**165,983**	**(30,402)**	**(6,121,324)**	**1,245,426**	**(4,191,164)**
Share-based payments	16	-	-	-	10,900	-	-	-	-	10,900
Debt settlement for shares	16	3,784,761	1,135,441	-	-	-	-	-	-	1,135,441
Proceeds from issuance of common shares	16	7,597,334	2,279,200	-	-	-	-	-	-	2,279,200
Forgiveness of debt from Mobio Technologies Inc.	15,16	-	-	6,543,083	-	-	-	-	-	6,543,083
Equity portion of debt	14	-	-	-	-	469,814	-	-	-	469,814
Investment in subsidiary	4,20	-	-	-	-	-	-	(374,077)	374,077	-
Foreign currency translation		-	-	-	-	-	(86,005)	-	(125,725)	(211,730)
Income (loss) for the year	20	-	-	-	-	-	-	(831,051)	(146,126)	(977,177)
Balance at July 31, 2021		**17,740,019**	**$ 3,951,162**	**$ 6,543,083**	**$ 23,532**	**$ 635,797**	**$ (116,407)**	**$ (7,326,452)**	**$ 1,347,652**	**$ 5,058,367**

See accompanying notes to the consolidated financial statements.

PLANK VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended July 31, 2021	2020
OPERATING ACTIVITIES		
Net income (loss) for the year	$ (977,177)	$ 50,859
Items not affecting cash		
Amortization	235,584	157,652
Interest expense	487,266	260,760
Unrealized foreign exchange gain	(174,066)	(24,689)
Deferred income tax expense (recovery)	45,242	(74,984)
Share-based payments	10,900	12,632
Goodwill impairment	432,663	-
Loss (gain) on fair value of digital currencies	(23,747)	3,430
Fair value loss on purchase option	59,322	18,632
Gain on government grant	(89,936)	(138,728)
Gain on impaired investments	(345,101)	-
Gain on sale of investments	-	(17,591)
Fair value gain on investments	(97,106)	(811,193)
Cryptomining revenue	-	(1,581)
Accrued interest income	(19,693)	(27,938)
Net changes in non-cash working capital		
Accounts receivable	17,506	(409,136)
Prepaid expenses	(76,114)	31,774
Deferred revenue	241,936	122,375
Accounts payable and accrued liabilities	(344,770)	285,233
Net cash used in operating activities	(617,291)	(562,493)
INVESTING ACTIVITIES		
Acquisition of subsidiary	(333,725)	(861,461)
Cash assumed from acquisition of subsidiary	825,272	654,818
Cash investments made	(599,877)	(419,999)
Proceeds from sale of investments	-	36,349
Proceeds from sale of cryptocurrencies	39,442	-
Loan receivable to investee	(100,000)	-
Proceeds from loans receivable	577,936	5,532
Lease payments	(17,658)	(18,789)
Net cash provided by (used in) investing activities	391,390	(603,550)
FINANCING ACTIVITIES		
Proceeds from loans	-	312,983
Proceeds from issuance of common shares	2,279,200	-
Proceeds from related party loans	1,453,540	1,200,000
Advances from former parent company	-	292
Net cash provided by financing activities	3,732,740	1,513,275
NET CHANGE IN CASH	3,506,839	347,232
CASH, BEGINNING OF THE YEAR	611,961	264,729
CASH, END OF THE YEAR	$ 4,118,800	$ 611,961

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Plank Ventures Ltd. (the "Company") was incorporated on May 1, 2013, under the Business Corporations Act. On February 22, 2019, the Company completed a plan of arrangement ("Plan of Arrangement") with its former parent, Mobio Technologies Inc. ("Mobio"), cancelling 2,544,202 common shares owned by Mobio and issuing 6,357,924 common shares to the shareholders of Mobio.

The Company invests in business opportunities in the technology arena. The target investments are early-stage start-ups that already have developed a customer and revenue base and are seeking funding for expansion.

These consolidated financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2021, the Company has accumulated deficit of $7,326,452.

The continuing operations of the Company are dependent upon its ability to develop profitable operations in the future and to raise adequate financing, if necessary. As of July 31, 2021, the Company had a cash balance of $4,118,800 to settle current liabilities of $2,541,496. As of July 31, 2021, the Company had a working capital surplus of $2,755,649. Management is of the opinion that the Company has sufficient liquidity and financial capital resources to sustain its operations for the foreseeable future and that the going concern assumption is appropriate.

There can be no assurance that the Company will be successful in achieving profitability or maintaining a necessary cash balance to finance operations. These conditions indicate existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, and cash flows in future periods.

2. BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue on November 29, 2021, by the Board of Directors of the Company.

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of Plank Ventures Ltd.

2. BASIS OF PRESENTATION (CONT'D)

Basis of Measurement

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

Number of Shares Outstanding and Per Share Data

These consolidated financial statements have been adjusted retroactively to reflect either the consolidation or split of shares for comparative purposes with no material impact.

Use of Estimates and Judgments

The preparation of the 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 could differ from those estimates.

The most significant judgements and estimates applied in the preparation of these consolidated financial statements relate to the carrying value of the Company's investments (Note 10) and the carrying value of goodwill and intangible assets (Note 9). The Company invests in start-up technology companies whose products and services are under development. The successful development and commercialization of these products and services is subject to a high degree of risk. Judgement is applied in the consideration of the fair value of investments at each reporting period.

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended July 31, 2021 and 2020. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, current working capital levels, and potential sources of replacement financing.

As a result of the assessment and, as described in Note 1, management concluded the going concern basis of accounting is appropriate based on its cash flow forecast and expectations with respect to access to financing for the next twelve months. Other significant judgements and estimates were used with respect to the determination of whether a business combination or an asset acquisition took place in the year, whether the Company had significant influence over an investment, the expected life of intangible assets, and the impairment of goodwill.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONT'D)

Details of controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned* July 31, 2021	July 31, 2020	July 31, 2019
Exahash Cryptomining Corp. ("Exahash")	Canada	100%	100%	100%
Votigo, Inc. ("Votigo")	USA	40.62%	29.11%	N/A

* Percentage of voting power is in proportion to ownership

Votigo is a controlled subsidiary of the Company. The Company acquired an interest in Votigo and entered into a voting agreement giving the Company the ability to elect the majority of the board. Laughton Marketing Communications, Inc. dba US Sweepstakes and Fulfillment Company ("US Sweeps"), a Rochester, NY based sweepstakes and fulfilment company is a wholly owned subsidiary of Votigo acquired on October 29, 2020 (Note 4).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Potential voting rights that are presently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated on the date that control ceases.

The consolidated financial statements at July 31, 2021 include the assets, liabilities, revenues and expenses of the Company's controlled subsidiaries. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(b) Business Combinations

Acquisitions which meet the definition of a "business", as defined in IFRS 3 – *Business Combinations*, are accounted for as a business combination using the acquisition method and require the purchase price to be allocated to the fair values of the net assets acquired, including any intangible assets that may have arisen as a result of the acquisition, with the remainder of the purchase price allocated to goodwill. Those acquisitions which did not meet the definition of a business are accounted for as a purchase of assets. The judgments applied to making this determination includes assessing whether the acquisition contains inputs, processes, and outputs as described in IFRS 3 to be considered a business combination.

(c) Functional Currency and Presentation

The Company's and Exahash's functional currency and reporting currency is the Canadian dollar and transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at reporting period rate of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical exchange rates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue and expenses denominated in foreign currencies are translated at the annual average exchange rate. Gains and losses resulting from the translation adjustments are included in net income (loss).

The functional currency of Votigo and US Sweeps is the US dollar. The assets and liabilities of Votigo and US Sweeps included in these consolidated financial statements are translated from functional currency to the Company's presentation currency using the exchange rates at period end. Income, expenses, and cash flow items included in these consolidated financial statements are translated from functional currency to the Company's presentation currency using the exchange rate that approximates the exchange rates at the date of the transactions (i.e., the average rate for the period). The differences arising upon translation from the functional currency to the reporting currency are recorded as foreign currency translation adjustment in the other comprehensive income and remain in the other comprehensive income until a subsidiary is partially or fully disposed of, or until the Company determines that it is abandoning all of the non-financial assets which are held by that subsidiary. Upon disposal, the corresponding foreign currency translation adjustment is removed from other comprehensive income as is recognized as realized foreign exchange gain or loss in net income.

(d) Revenue Recognition

Revenue is recognized when a contractual arrangement is in place, the fee is fixed and determinable, the products and services have been delivered to the customer, and collectability is reasonably assured. The Company derives revenue from the development, administration, and hosting of contests and sweepstakes on social media platforms. The Company's revenue recognition policy for these revenues is as follows:

(i) *Development fees* – Votigo recognizes revenues once the sweepstakes is complete or 30 days after the contest is complete; US Sweeps recognizes 70% of revenues at the start of the campaign and the remaining upon completion of the campaign,

(ii) *On-Line subscription fees* – recognized evenly over the period,

(iii) *Service and administration fees* – Votigo recognizes revenues once the contest is complete. US Sweeps recognizes 70% of the revenues at the start of the campaign and the remaining upon completion of the campaign.

Payments received in advance are recorded as deferred revenue and recognized into revenue as services are delivered or subscription time elapses.

(e) Intangible Assets and Goodwill

Intangible assets with finite lives consist of acquired technologies, software trade names and customer relationships. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization commences once the underlying asset is complete and put into use. Cost for intangible assets acquired in a business combination represents the fair value of the asset at the time of the acquisition. Intangible assets acquired consists mainly of brand names, online platform, and customer relationships. Amortization is calculated on a straight-line method over their estimated useful lives of 10 years.

Goodwill is not amortized and is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the CGU or group of CGUs to

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

which it relates.

(f) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of Income (loss) and comprehensive income (loss) during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Cryptomining equipment	50%
Computer and office equipment	33%

(g) Digital Currencies

Digital currencies consist of cryptocurrency and are initially recorded at cost and adjusted to fair value at each reporting period based on quoted market prices. Changes in the fair value of digital currencies are recorded in profit and loss.

(h) Contingent Liabilities

A contingent liability is defined as a possible obligation arising from past events or a present obligation where it is not probable that an outflow of resources will occur, or the amount of obligation cannot be measured. On determining the probability of occurrence and estimate of exposure, the Company relies upon their understanding of the past event, including activities undertaken by other parties. Contingent liabilities are disclosed unless the probability of occurrence is remote. There are no contingent liabilities disclosed for the Company.

(i) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of income (loss) and comprehensive income (loss) in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company shall recognize in the consolidated statements of income (loss) and comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

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 the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Gains and losses on derecognition are generally recognized in profit or loss.

(j) Warrants

The proceeds from private placements that include warrants are allocated using the residual basis between the common shares and warrants. The residual value is determined after subtracting the fair value of the common shares from the proceeds of private placement. The value attributed to warrants is recorded in warrant reserves within equity. If the warrants are converted, the consideration paid, along with the amount previously recognized in warrant reserves, is recorded as an increase to share capital. Upon expiry of warrants, any value attributed is reclassified to share capital.

(k) Share-Based Payments

Stock options issued are accounted for in accordance with fair value accounting for share-based payments. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model. The associated expense is charged to profit or loss with a corresponding increase to share-based payment reserves over the vesting period of the option. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Compensation expense for stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method.

As the options are exercised, the consideration paid, along with the amount previously recognized in share-based payment reserves, is recorded as an increase to share capital. For stock options which have expired or been forfeited, the amount previously recognized in share-based payments reserve is reclassified to deficit.

(l) Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income (loss) refers to items recognized in comprehensive income (loss) that are excluded from net income (loss). Comprehensive income (loss) for the years ended July 31, 2021 and 2020 includes the foreign exchange gain for the translation of Votigo's financial statements, which are denominated in US dollars, to Canadian dollars being the reporting currency.

(m) Income (Loss) per Share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The method requires computation as if the proceeds from the exercisable options and warrants would be used to purchase common shares at the average market price during the period. When an income (loss) is incurred during the reporting period, basic and diluted income (loss) per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(n) Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both the lessee and the lessor. It follows a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On January 1, 2020, the Company entered into a lease agreement. At inception of the lease term, the Company recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on 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 the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits.

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

The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

(o) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Impairment is determined by assessing if the carrying value of a CGU or group of CGUs, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin, and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

Impairment losses are recognized in profit or loss in the period in which the impairment is identified. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU or group of CGUs and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Loans

Loans are separated into their liability and equity components, if any, on the consolidated statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar liabilities at the time of issue. The liability component is subsequently measured at amortized cost, using the effective interest method, until extinguished upon conversion or maturity.

The fair value of the equity component of debt is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the liability component is allocated as the fair value of the equity component. The issuance costs have been allocated on a pro-rata basis between the debt and equity components.

(q) Income Taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that asset.

(r) Cash

Cash consists of cash, and deposits held at call with banks. As a result, the carrying amount of cash approximates fair value.

(s) Government Grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognises government grants in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

4. ACQUISITIONS

(a) Votigo

On November 12, 2019, the Company purchased the following from Votigo:

- 333,334 Series B Convertible Preferred Shares ("Series B Shares") for a price of US$0.90 per Series B Share, or US$300,000 (CDN $399,052) in the aggregate which was satisfied by a cash payment. In October 2020, the Company purchased an additional 777,777 Series B Shares at US$0.90 per Series B Share, or US$699,999 in the aggregate. The Company is the only holder of Series B Shares. The holders of Series B Shares have certain protective provisions whereby Votigo must obtain the consent from a majority of the holders of Series B Shares prior to entering into certain transactions. In addition, the Company entered into a voting agreement which gives the Company the right to appoint the majority of the directors of Votigo.
- 834,349 Series A Convertible Preferred Shares ("Series A Shares") out of a total issued and outstanding 1,668,695 Series A Shares, for a purchase price of US$0.8333 per Series A Share, or US$695,263 in the aggregate. US$347,632 (CDN $462,409) of the purchase price was paid in cash at closing, and the remainder US$347,631 (CDN $465,965) was paid in September 2020. The Company also has an option to acquire a further 834,349 Series A Shares at US$1.667 per share for a two-year period. The option which had a fair value, at the acquisition date, of $82,650 was valued using a Black Scholes Option Pricing Model. Subsequent to the year end, the option expired unexercised.

The Company owns 40.62% (2020 – 29.11%) of Votigo's total outstanding issued shares and is the sole owner of Series B Shares. As the Company is the sole owner of Series B shares and have certain protective provisions including the ability to elect the majority of the directors, in accordance with IFRS 10, the Company has control over Votigo.

The investment in Votigo was accounted for as a business combination. In accordance with IFRS 3 "Business Combinations", the assets acquired, and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill.

(Expressed in Canadian Dollars)

4. ACQUISITION (CONT'D)

The purchase price of Votigo is allocated as follows:

Fair value of consideration:		
Cash	$	861,461
Payable to the shareholders of Votigo, Inc.		465,965
		1,327,426
Net assets acquired:		
Cash		654,818
Accounts receivables		191,233
Prepaid expenses		49,558
Intangible asset (Note 9)		1,829,025
Purchase option (Note 9)		82,650
Goodwill (Note 9)		667,893
Accounts payable and accrued liabilities		(322,967)
Deferred revenue		(81,132)
Deferred tax liability		(338,757)
Non-controlling interest		(1,404,895)
		1,327,426

The subsequent investment of $699,999 in 777,777 Series B Shares during the year ending July 31, 2021 (noted above) was recorded as a "Change in Ownership Interest" in accordance with IFRS 10 and the carrying amounts of the controlling and non-controlling interests were adjusted by $374,077 to reflect the changes in their relative interests in the subsidiary (Note 20).

At July 31, 2021, the Company determined that goodwill in Votigo was impaired and recorded an impairment of $432,663 in the consolidated statements of income (loss) and comprehensive income (loss) (Note 9).

(b) US Sweeps

On October 29, 2020, Votigo acquired 100% of US Sweeps for US$750,000 payable as follows: US$250,000 (C$333,725) at closing, a further US$250,000 not later than 12 months after the closing date, and the final US$250,000 not later than 24 months after the closing date. The fair value of the loans payable were US$217,558 (CDN $290,196) and US$189,182 (CDN $252,344), calculated by discounting the future cash payments at a market rate of interest of 15%. On October 28, 2021, Votigo paid the first instalment of US$250,000 to the previous shareholders of US Sweeps in cash.

(Expressed in Canadian Dollars)

4. ACQUISITION (CONT'D)

The purchase price of US Sweeps is allocated as follows:

Fair value of consideration:		
Cash	$	333,725
Short-term payable to shareholders of US Sweeps (Note 19)		290,196
Long-term payable to shareholders of US Sweeps (Note 19)		252,344
		876,265
Net assets acquired:		
Cash		825,272
Accounts receivables		377,423
Prepaid expenses		1,335
Equipment (Note 6)		7,802
Intangible assets (Note 9)		614,054
Goodwill (Note 9)		189,463
Accounts payable and accrued liabilities		(794,011)
Deferred revenue		(176,208)
Deferred tax liability		(168,865)
	$	876,265

The acquisitions of US Sweeps by Votigo was accounted for as a business combination. In accordance with IFRS 3 "Business Combinations", the assets acquired, and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill which amounted to $189,463 as reflected in Note 9.

5. ACCOUNTS AND OTHER RECEIVABLES

		July 31, 2021		July 31, 2020
Account receivable from sale of investment	$	-	$	248,672
Trade and other receivables		949,351		595,689
GST recoverable		12,813		6,886
	$	**962,164**	**$**	**851,247**

(Expressed in Canadian Dollars)

6. EQUIPMENT

		Cryptomining Equipment		Computer & Office Equipment		Leasehold Improvements		Total
Cost								
Balance July 31, 2020 and 2019	$	9,674	$	723	$	-	$	10,397
Acquisition of subsidiary (Note 4)		-		4,548		3,253		7,802
Effect of foreign exchange		-		(4,585)		(961)		(5,546)
Balance July 31, 2021	$	9,674	$	687	$	2,293	$	12,653
Amortization								
Balance July 31, 2019	$	3,628	$	250	$	-	$	3,878
Additions		6,046		334		-		6,380
Balance July 31, 2020		9,674		584		-		10,258
Addition		-		4,479		690		5,169
Effect of foreign exchange		-		(4,377)		(760)		(5,136)
Balance July 31, 2021	$	9,674	$	687	-$	70	$	10,291
Net book value								
Balance July 31, 2020	$	-	$	139	$	-	$	139
Balance July 31, 2021	**$**	**-**	**$**	**0**	**$**	**2,362**	**$**	**2,362**

7. RIGHT-OF-USE ASSET

On January 1, 2020, the Company entered into an office lease agreement for a term of three years. In accordance with IFRS 16, the Company recorded a right-of-use asset and a lease liability with a fair value of $99,045 (Note 12). Fair value was determined by discounting future lease payments at a discount rate of 5% per annum.

The Company's right-of-use asset as at July 31, 2021:

Balance, July 31, 2019	$	-
Additions		99,045
Amortization		(19,447)
Effect of foreign exchange		188
Balance, July 31, 2020		79,786
Reduction of lease value due to COVID-related discounts		(37,174)
Amortization		(11,320)
Effect of foreign exchange		(5,362)
Balance, July 31, 2021	**$**	**25,930**

(Expressed in Canadian Dollars)

8. LOAN RECEIVABLE

On January 27, 2021, the Company loaned $100,000 to SiteMax Systems Inc. (Note 10). The loan bears interest at a monthly rate of 2% and is repayable in six equal monthly instalments commencing six months from the date of the loan.

The Company's loan receivable as at July 31, 2021 is as follows:

Balance, July 31, 2020	$	-
Loan advanced		100,000
Accrued interest		13,851
Balance, July 31, 2021	**$**	**113,851**

The loan was repaid in full on August 11, 2021 (Note 25).

9. INTANGIBLE ASSETS

Intangible assets acquired during the year ended July 31, 2021 are related to the acquisition of US Sweeps and consist mainly of brand names and customer relationships. The intangible assets acquired during the year ended July 31, 2020 are related to the acquisition of Votigo. Amortization of intangible assets with definitive lives is calculated on a straight-line basis over their estimated useful lives of 10 years (Note 4).

The Company performed its annual test for goodwill impairment as at July 31, 2021. The Company did so by comparing the carrying value of the cash generating units, being Votigo and US Sweeps, against its value-in-use. The value-in-use of the cash-generating unit requires the use of assumptions. The calculation uses cash flow projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 3%. The value-in-use calculation includes cash flows relating to working capital based on historical activity. Cash flows are discounted using after-tax discount rates of 15.5% - 19%. The value-in-use of the US Sweeps cash generating unit was determined to be higher than its carrying amount and therefore no impairment was recorded. The value-in-use of the Votigo cash generating unit was determined to be lower than its carrying amount and therefore an impairment was recorded in the amount of $432,663 (Note 4).

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSETS (CONT'D)

A summary of the Company's intangible assets are as follows:

	Brand name, online platform and customer relationships	Goodwill	Purchase option	Total
Balance July 31, 2019	$ -	$ -	$ -	$ -
Additions	1,829,025	667,893	82,650	2,579,568
Amortization	(131,825)	-	-	(131,825)
Fair value loss	-	-	(18,632)	(18,632)
Effect of foreign exchange	(179)	-	-	(179)
Balance July 31, 2020	1,697,021	667,893	64,018	2,428,932
Acquired on acquisition of subsidiary (Note 4)	614,054	189,463	-	803,517
Fair value loss	-	-	(59,322)	(59,322)
Amortization	(219,094)	-	-	(219,094)
Goodwill impairment	-	(432,663)	-	(432,663)
Effect of foreign exchange	(140,925)	(63,649)	(3,213)	(207,787)
Balance July 31, 2021	**$ 1,951,056**	**$ 361,044**	**$ 1,483**	**$ 2,313,583**

10. INVESTMENTS

ThinkCX Technologies Inc. ("ThinkCX")

On August 30, 2018, the Company purchased 945,945 units of ThinkCX for $350,000. Each unit consisted of one Series 1 Class A preferred share and one Series 1 Class A preferred share purchase warrant. Each share purchase warrant entitled the Company to purchase an additional Series 1 Class A preferred share of ThinkCX at a price of $0.37 until August 23, 2019. The warrants have expired unexercised.

On July 9, 2019, the Company entered into an agreement to loan $25,000 to ThinkCX. The loan was secured by a convertible promissory note that bears interest at 12% per annum and was due July 9, 2021. The promissory note is convertible into preferred shares of ThinkCX. On July 13, 2021, the loan was paid in full for total cash proceeds of $31,286. During the year ended July 31, 2021, the Company earned interest income of $3,089 (2020 - $3,008) on the loan.

On October 16, 2019, the Company entered into an agreement to loan $20,000 to ThinkCX. The loan was secured by a convertible promissory note that bears interest at 12% per annum and was due October 16, 2021. The promissory note is convertible into preferred shares of ThinkCX. On July 29, 2021, the loan was paid in full for total cash proceeds of $24,300. During the year ended July 31, 2021, the Company earned interest income of $2,393 (2020 - $1,908) on the loan.

During the year ended July 31, 2021, the Company recorded a fair value loss of $9,835 on ThinkCX investment (2020 – gain of $9,835).

SiteMax Systems Inc. ("SiteMax")

On January 19, 2019, the Company received 333,140 Series 1 seed preferred shares of SiteMax with a fair value of $276,507 from Mobio in connection with the Plan of Arrangement between the Company and Mobio with a corresponding increase in the loan due to Mobio. The Company also received warrants to purchase up to 166,570 Class 1 common shares of SiteMax at an exercise price of $0.83

10. INVESTMENTS (CONT'D)

per share.

On January 29, 2019, the Company entered into an agreement to purchase up to 476,189 Series 2 seed preferred shares and warrants to purchase up to 238,094 Class 1 common shares of SiteMax at an exercise price of $1.26 per share, for $600,000. The Company paid $425,000 initially and was committed to advance an additional amount of $175,000 upon SiteMax achieving $80,000 in monthly recurring revenue. During the year ended July 31, 2020, the Company advanced an additional amount of $175,000 to SiteMax.

During the year ended July 31, 2020, the Company exercised 150,601 SiteMax warrants at an exercise price of $0.83 per share and 79,365 SiteMax warrants at an exercise price of $1.26 per share to purchase an aggregate of 229,966 common shares of SiteMax.

During the year ended July 31, 2021, the Company exercised 325,299 warrants at an exercise price of $1.26 per share to purchase an additional 325,299 common shares of SiteMax.

During the year ended July 31, 2021, the Company recorded a fair value gain of $188,123 (2020 - $586,001) on SiteMax investments. As at July 31, 2021, the Company holds an aggregate of 555,265 (2020 – 229,966) Class 1 common shares and 809,329 (2020 – 809,329) preferred shares.

On January 21, 2021, the Company loaned $100,000 to Site Max. The loan bears interest at a monthly rate of 2% and is repayable in six equal monthly instalments commencing six months from the date of the loan. During the year ended July 31, 2021, the Company earned interest of $13,851 on the loan (Note 8). Subsequent to year end, the loan was repaid in full on August 11, 2021.

500 Startups Canada, L.P. ("500 Startups") and Sockeye Technologies Inc. ("Sockeye")

On February 22, 2019, in accordance with the Plan of Arrangement, Mobio transferred various investments with a fair value of $705,666 to the Company with a corresponding increase in the loan to Mobio. Investees included, among others, 500 Startups and Sockeye.

The Company's investment in Sockeye consisted of an unsecured convertible promissory note. During the year ended July 31, 2021, the Company earned interest income of $359 on the note (2020 - $22,060), recognized a loss on change in fair value of $180,825 (2020 – gain of $180,825), and received $276,534 as repayment in full of the note.

During the year ended July 31, 2021, the Company received a cash dividend of $7,609 from its investment in 500 Startups and recorded a gain on change in fair value of $158,500 (2020 - $34,532).

Investment in Shop and Shout Ltd. ("Creator")

On March 5, 2021, the Company subscribed for 117,647 common shares of Shop and Shout Ltd., a Vancouver-based technology company doing business as Creator, by way of participating in a non-brokered private placement financing at a price of $0.85 per common share for the total consideration of $100,000. The Company owns 1.1% of the issued and outstanding common shares of Creator.

Investment in Karve IT Ltd. ("Karve")

On July 31, 2021, the Company subscribed to 310,000 common shares of Karve IT Ltd. at the price of $1 per common share, for an aggregate subscription price of $310,000 to be paid as follows:

- $30,000 in cash paid on April 30, 2021.
- The Company agreed to make fourteen monthly payments of $20,000 each commencing June 1, 2021, and ending July 1, 2022 (paid $90,000 to July 31, 2021 and $60,000 subsequently).

Karve will issue common shares to the Company upon receipt of each payment.

(Expressed in Canadian Dollars)

10. INVESTMENTS (CONT'D)

The Company may prepay all or any portion of the subscription price at any time, and from time to time.

As at July 31, 2021, the Company owns 90,000 shares of Karve, representing 17.18% of the Company.

Investment in Leaf Mobile Inc. ("Leaf")

On February 5, 2021, the Company received a cash dividend of $19,202, cash proceeds of $62,249, and 153,378 post-consolidation common shares of Leaf, a publicly traded company on the Toronto Stock Exchange, in consideration of its previously impaired investment in Eastside Games Inc. The shares were recorded at fair value of $345,101 based on the market price at the time. As a result, the Company recognized $407,349 as a recovery during the year ended July 31, 2021.

As at July 31, 2021, the Company held 1,533,780 (153,378 post consolidation) shares of Leaf, of which 21,060 are unrestricted. The fair value of the unrestricted shares is determined by taking the number of unrestricted shares and multiplying by price per share prevailing on the market at the date closest to date of the financial statements. The fair value of the restricted shares is based on the number of restricted shares multiplied by the price per share prevailing on the market at the date closest to date of the financial statements with a discount applied for lack of marketability ("DLOM"). The DLOM reflects the impact of the restriction period on the fair value of the shares due to the time value of money, the risk of trading price fluctuation, and the opportunity cost of not being permitted to liquidate the restricted shares and use the proceeds in an alternative investment.

During the year ended July 31, 2021, the Company recognized a $58,648 as a change in fair value on investments on its consolidated statement of income (loss) and comprehensive income (loss).

Investment transactions for the year ended July 31, 2020 are as follows:

Opening Balance	Purchases	Disposals	Return of Capital	Change in Fair Value	Accrued Interest	Foreign Exchange Gain	Fair Value
$ 1,775,243	$ 419,999	$ (260,103)	$ (5,532)	$ 811,193	$ 27,938	$ (2,799)	$ 2,765,939

Investment transactions for the year ended July 31, 2021 are as follows:

Opening Balance	Purchases	Disposals	Recovery	Change in Fair Value	Accrued Interest	Fair Value
$ 2,765,939	$ 599,877	$ (332,121)	$ 345,101	$ 97,106	$ 5,841	$ 3,481,743

(Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		July 31, 2021		July 31, 2020
Payable to the shareholders of Votigo, Inc.	$	-	$	465,965
Payable to the shareholders of US Sweeps. (Note 19)		300,868		-
Accounts payable		268,219		306,248
Accrued liabilities		1,292,925		339,689
Total accounts payable and accrued liabilities	**$**	**1,862,012**	**$**	**1,111,902**

12. LEASE PAYABLE

On January 1, 2020, the Company entered into an office lease agreement for a term of three years. In accordance with IFRS 16, the Company recorded a lease asset and a lease liability with a fair value of $99,045. Fair value was determined by discounting future lease payments at a discount rate of 5% per annum.

The Company's lease liability is as follows:

		July 31, 2021		July 31, 2020
Balance, opening	$	83,096	$	-
Additions, net (Note 7)		-		99,045
Reduction of lease value due to COVID-related discounts		(37,174)		-
Payments		(17,658)		(18,789)
Interest recorded		506		2,684
Effect of foreign exchange		(5,468)		156
Balance, ending	**$**	**23,301**	**$**	**83,096**

		July 31, 2021		July 31, 2020
Current portion	$	16,276	$	29,761
Long term portion		7,025		53,335
	$	**23,301**	**$**	**83,096**

(Expressed in Canadian Dollars)

13. GOVERNMENT GRANTS AND LOANS

On June 30, 2020, the Company received a loan for gross proceeds of $200,926 (US$149,900) from the U.S. Small Business Administration under the Economic Injury Disaster Loan ("EIDL") program. The loan bears annual interest at a rate of 3.75% per annum. Monthly repayments of $995 (US$735) commenced on June 30, 2021 and the loan matures in 30 years on June 30, 2050.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using the Company's incremental borrowing rate of 20% per annum. The difference between the initial carrying amount and proceeds received of $151,866 is the value of the grant. During the year ended July 31, 2021, additional expenses were incurred for which the grant was intended to compensate; as a result, $89,936 was recognized as income during the year (2020 – $25,575).

During the year ended July 31, 2021, the Company recorded interest and accretion of $10,239 on the loan (2020 - $830).

The balances of the EIDL loan outstanding as at July 31, 2020 and 2021 are as follows:

		July 31, 2021		July 31, 2020
Beginning balance	$	**49,882**	$	-
Fair value of future payments		-		49,060
Interest and accretion		10,239		830
Effect of foreign exchange		(3,728)		(7)
EIDL Loan	**$**	**56,393**	**$**	**49,882**

The breakdown between current and non-current portion of the loan as at July 31, 2020 and 2021:

		July 31, 2021		July 31, 2020
Current portion	$	11,899	$	985
Long term portion		44,494		48,897
	$	**56,393**	**$**	**49,882**

The balances of the deferred government grant as at July 31, 2020 and 2021 are as follows:

		July 31, 2021		July 31, 2020
Beginning balance	$	**126,538**	$	-
Fair value of deferred government grant		-		151,866
Gain on government grant		(89,936)		(25,575)
Effect of foreign exchange		(6,944)		248
Deferred Government Grant ending balance	**$**	**29,658**	**$**	**126,538**

(Expressed in Canadian Dollars)

13. GOVERNMENT GRANTS AND LOANS (CONT'D)

On February 22, 2021 ("disbursement date"), the Company received a loan for gross proceeds of $163,786 (USD $133,322) under the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). The loan is required to be repaid in full no later than two years from the disbursement date. The loan accrues interest at an annual rate of 1% per annum, with payments of principal and interest commencing ten months from the disbursement date. The loan may be forgiven, in whole or in part, at the lender's discretion. The loan is to be repaid in equal installments beginning ten months after the disbursement date.

The Company used the full amount of the proceeds for payroll and eligible costs. The Company has met the criteria and fulfilled the terms for the loan forgiveness. During the year ended July 31, 2021, the Company recognized the full proceeds into income and the balance of the loan at July 31, 2021 is $Nil.

On March 5, 2021 ("2nd disbursement date"), the Company received another loan for gross proceeds of $99,434 (USD $80,939) under the ("PPP") with the same terms as above.

The Company used the full amount of the proceeds for payroll and eligible costs. The Company has met the criteria and fulfilled the terms for the loan forgiveness. During the year ended July 31, 2021, the Company recognized the full proceeds into income and the balance of the loan at July 31, 2021 is $Nil. Subsequent to year end, U.S. Small Business Administration has informed the Company that the loan was forgiven in full.

Breakdown of the total gain on government grants recorded on the statement of income (loss) and comprehensive income (loss) for the years ended July 31, 2020 and 2021:

		2021		2020
PPP Granted to US Sweeps	$	166,146	$	-
PPP Granted to Votigo		100,866		112,057
Gain on deferred government grant		89,936		25,775
Effect of foreign exchange		5,914		896
	$	**362,861**	**$**	**138,728**

14. RELATED PARTY LOANS

On August 30, 2018, the Company received a loan in the amount of $379,828 (US$300,000) from a company controlled by an officer. The loan is unsecured and bears interest at 10% per annum. Principal and any unpaid interest are due on August 30, 2020. The loan was originally recorded at face value of $379,828 less the value of the equity component of the loan, determined by discounting the loan at an appropriate market rate of interest, of $57,836. On March 12, 2021, the loan was extended to mature on December 31, 2022. Due to the extended term, the Company recognized an equity component of $69,451 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest. During the year ended July 31, 2021, the Company recorded $59,428 (2020 - $76,965) in interest and accretion on the loan (Note 17). The balance of the loan at July 31, 2021 is $438,725.

On November 8, 2018, the Company received a loan in the amount of $64,777 (US$50,000) from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2021, the Company recorded $2,743 (2020 – $6,750) in interest on the loan (Note 17). On December 31, 2020 the Company converted the loan's outstanding

14. RELATED PARTY LOANS (CONT'D)

balance of $76,667 into 1,533,329 common shares (Note 16).

On January 29, 2019, the Company received a loan in the amount of $700,000 from a company with a common director. The loan is unsecured and bears interest at 10% per annum. Principal and any unpaid interest are due on January 29, 2021. The loan was originally recorded at face value of $700,000 less the value of the equity component of the loan, determined by discounting the loan at an appropriate market rate of interest, of $108,147. On March 12, 2021, the loan was extended to mature on December 31, 2022. Due to the extended term, the Company recognized an equity component of $130,326 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest. During the year ended July 31, 2021, the Company recorded $136,170 (2020 - $128,079) in interest and accretion on the loan (Note 17). The balance of the loan on July 31, 2021 is $786,083.

On October 21, 2019, the Company received a loan in the amount of $1,000,000 from a company controlled by a director of a related company. The loan is secured by a promissory note, bears interest at 5% and is due on demand. During the year ended July 31, 2021, the Company recorded interest of $21,315 (2020 - $39,041) on the loan (Note 17). On December 31, 2020 the Company converted the outstanding balance of $1,058,774 into 21,175,479 common shares (Note 16).

On April 6, 2020, the Company received a loan in the amount of $200,000 from a company controlled by a director of a related company. The loan is secured by a promissory note, bears interest at 10% and is due on demand. On March 12, 2021, the loan was extended to mature on December 31, 2022. Due to the extended term, the Company recognized an equity component of $31,792 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest. During the year ended July 31 2021, the Company recorded interest and accretion of $26,713 (2020 - $6,411) on the loan (Note 17). The balance of the loan at July 31, 2021 is $201,322.

On September 18, 2020, the Company received a loan in the amount of $527,440 (US$400,000) from a company with a common director. The loan is secured by promissory note and bears interest at 10% per annum. Principal and any unpaid interest are due on September 16, 2021. On March 12, 2021, the loan was extended to mature on December 31, 2022. Due to the extended term, the Company recognized an equity component of $76,172 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest. During the year ended July 31, 2021, the Company recorded $59,206 in interest and accretion on the loan (2020 - $Nil) (Note 17). The balance of the loan at July 31 2021 is $481,180.

On October 15, 2020, the Company received a loan in the amount of $919,730 (US$700,000) from a company controlled by a director of a related company. The loan is secured by a promissory note and bears interest at 10% per annum. Principal and any unpaid interest are due on December 31, 2022. The Company recognized an equity component of $162,073 against the balance of the loan. The equity value was determined by discounting the balance of the loan at an appropriate market rate of interest. During the year ended July 31, 2021, the Company recorded $115,146 in interest and accretion on the loan (year ended July 31, 2020 - $Nil) (Note 17). The balance of the loan at July 31, 2021 is $833,641.

(Expressed in Canadian Dollars)

14. RELATED PARTY LOANS (CONT'D)

A summary of the loans is as follows:

		Liability component		Equity component
Balance, July 31, 2019	$	1,121,641	$	165,983
Increases		1,200,000		-
Accrued interest and accretion (Note 17)		257,246		-
Foreign exchange loss		8,749		-
Balance, July 31, 2020		2,587,636		165,983
Increases		1,215,296		469,814
Decreases		(1,367,010)		-
Accrued interest and accretion (Note 17)		419,139		-
Foreign exchange loss		(114,100)		-
Balance, July 31, 2021	**$**	**2,740,960**	**$**	**635,797**

		July 31, 2021		July 31, 2020
Short-term loans		-		2,587,636
Long-term loans		2,740,960		-
	$	**2,740,960**	**$**	**2,587,636**

15. DUE TO FORMER PARENT COMPANY

On August 20, 2020, Mobio forgave a total of $6,543,410 in debt owed by the Company to Mobio. Amounts due to Mobio were unsecured, non-interest bearing and had no specified terms of repayment. As a result, the Company recorded a non-dilutive contribution from Mobio to the Company of $6,543,410 net of a $327 charge owing from Mobio to the Company in contributed surplus. No shares were issued as part of the transaction.

16. SHARE CAPITAL

Authorized:
Unlimited number of common shares without par value.

Issued:
As at July 31, 2021, the Company had 17,740,019 common shares issued and outstanding (2020 – 6,357,924).

No common shares were issued during the year ended July 31, 2020.

On December 31, 2020 the Company converted a loan from a company controlled by a director of a related company of $1,058,774 into 3,529,247 common shares and converted a loan from a company controlled by an officer of $76,667 into 255,555 common shares (Note 14).

On February 3, 2021, the Company completed the consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for six pre-consolidation common shares. After consolidation, the Company had 10,142,685 post-consolidation shares issued and outstanding. All share amounts have been restated to reflect the consolidation.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (CONT'D)

On April 5, 2021, the Company closed the first tranche of a private placement and issued 1,180,000 units for total consideration of $354,000 to companies with a common director and common officer. On June 24, 2021, the Company completed the second and final tranche of the private placement for 6,417,334 units for gross proceeds of $1,925,200. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles its holder to purchase one common share in the capital of the Company at a price of $0.35 for a period of two years following the issuance date. On the date of each of the closing, the Company determined that the value of the warrants using the residual method to be nominal and allocated total proceeds to share capital.

Contributed Surplus

As discussed in Note 15, on August 20, 2020, Mobio forgave a total of $6,543,410 in debt owed by the Company to Mobio. Amounts due to Mobio were unsecured, non-interest bearing and had no specified terms of repayment. As a result, the Company recorded a non-dilutive contribution from Mobio to the Company of $6,543,410 net of a $327 charge owing from Mobio to the Company in contributed surplus.

Warrants

As at July 31, 2021, the Company had 3,798,667 warrants issued and outstanding (2020 – Nil).

Balance at July 31, 2020	**-**
Issue of warrants on private placement	3,798,667
Balance at July 31, 2021	**3,798,667**

Outstanding (#)	Exercisable (#)	Exercise Price ($)	Remaining Life (Years)	Expiry Date
590,000	590,000	0.35	1.68	April 5, 2023
3,208,667	3,208,667	0.35	1.68	June 24, 2023
3,798,667	**3,798,667**	**0.35**	**1.68**	

Stock Options

During the year ended July 31, 2019, the Company established a stock option plan (the "Plan"). The purpose of the Plan is to advance the interests of the Company by encouraging the directors, officers, employees, and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares of the Company thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The aggregate number of shares that may be issued pursuant to the exercise of options awarded under the stock option plan and all other security-based compensation arrangements of the Company shall not exceed twenty (20%) percent of the issued and outstanding shares immediately following the issuance of shares pursuant to the Plan of Arrangement.

On November 12, 2019, the Company issued 50,000 stock options to management of Votigo in connection with its investment. The options are exercisable at a price of $0.60 per share for a period of 10 years. The fair value of the options was $29,928 using the Black-Scholes option pricing model with the following assumptions: volatility of 190.67%, expected life of 10 years, risk-free interest rate of 1.47% and expected dividends of Nil. The options vest over a four-year period, with one quarter of the options vesting in one year, and thereafter vesting monthly.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL (CONT'D)

The Company did not issue any stock options during the period ended July 31, 2021.

Share-based payments of $10,900 were recorded for the vesting of the options for the year ended July 31, 2021 (2020 – $12,632).

Stock options transactions are as follows:

	Number of Options		Weighted Average Exercise Price
Balance, July 31, 2019	**-**	**$**	**-**
Issued	50,000		0.60
Balance, July 31, 2020 and 2021	**50,000**	**$**	**0.60**

Stock options outstanding at July 31, 2021 are as follows:

Outstanding (#)	Exercisable (#)	Exercise Price ($)	Expiry Date
50,000	20,833	0.60	November 12, 2029

17. RELATED PARTY TRANSACTIONS

During the year ended July 31, 2021, included in the private placement units issued by the Company were 1,180,000 units for the total consideration of $354,000 and 6,000,000 units for the total consideration of $1,800,000 to companies with common directors, common officers or a company controlled by a director.

Refer also to Notes 14 and 16.

Interest and accretion recorded on related party loans were as follows:

		July 31, 2021		July 31, 2020
Interest and accretion on loans payable to companies with a common director and officer or to companies controlled by directors and/or officers or by a director of a related company	$	419,139	$	257,246

Payments to key management and directors during the year ended July 31, 2020 and 2021 were as follows:

		July 31, 2021		July 31, 2020
Fees accrued for a company controlled by the CEO	$	120,000	$	90,000
Fees paid to a company controlled by the CEO		93,423		-
Fees paid to a company controlled by the former CFO		78,885		35,633
Total	$	292,308	$	125,633

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS (CONT'D)

Out of the total:

$261,799 is included in management and consulting fees (2020 - $125,633),

$15,923 is included in professional fees (2020 - $Nil),

$13,394 is included in office and administration expenses (2020 - $Nil),

$1,192 is included in regulatory and filing fees (2020 - $Nil).

Included in accounts payable and accrued liabilities is an amount of $214,084 (2020 - $111,522) owing to companies controlled by directors and officers of the Company. Amounts payable to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

18. DEFERRED REVENUE

A continuity of deferred revenue is as follows:

Balance, July 31, 2019	$	-
Acquisition of Votigo (Note 4)		81,132
Additions		1,273,989
Revenue recognized		(1,163,497)
Effect of foreign exchange		11,883
Balance, July 31, 2020		203,507
Acquisition of US Sweeps (Note 4)		176,208
Additions		2,571,750
Revenue recognized		(2,362,620)
Effect of foreign exchange		32,806
Balance, July 31, 2021	**$**	**621,651**

19. PROMISSORY NOTE

On October 29, 2020, Votigo, entered into an unsecured promissory note agreement in the amount of US$500,000 with respect to the purchase of 100% of the common shares of US Sweeps (Note 4). US$250,000 of the promissory note is payable not later than 12 months after the October 29, 2020, and the final US$250,000 is payable not later than 24 months after the October 29, 2020. The promissory note is non-interest bearing. On October 28, 2021, Votigo paid the first instalment of US$250,000 to the previous shareholders of US Sweeps in cash.

On October 29, 2020, the fair value of the promissory note was US$217,558 (CDN $290,196) for the short-term payable portion and US$189,182 (CDN $252,344) for the long-term payable portion, calculated by discounting the future cash payments at a market rate of interest of 15%.

At July 31, 2021 the balance of the short-term portion is as follows:

		July 31, 2021
Balance, July 31, 2020	$	-
Fair value of short-term promissory note (Note 4)		290,196
Loan accretion		30,618
Foreign exchange gain		(19,946)
Balance, July 31, 2021 (Note 11)	**$**	**300,868**

(Expressed in Canadian Dollars)

19. PROMISSORY NOTE (CONT'D)

At July 31, 2021 the balance of the long-term portion is as follows:

		July 31, 2021
Balance, July 31, 2020	$	-
Fair value of long-term promissory note (Note 4)		252,344
Loan accretion		26,764
Foreign exchange gain		(17,347)
Balance, July 31, 2021	**$**	**261,761**

20. NON-CONTROLLING INTEREST

Balance as at July 31, 2019	$	-
Acquistion of Votigo (Note 4)		1,404,895
Share of net loss		(159,469)
Balance opening, July 31, 2020		1,245,426
Change of ownership interest (Note 4)		374,077
Share of net loss		(271,851)
Balance ending July 31, 2021	**$**	**1,347,652**

The following is a summarized consolidated statement of financial position of Votigo and US Sweeps at July 31, 2020 and 2021:

	July 31, 2021	July 31, 2020
Current:	$	$
Assets	3,040,901	1,173,951
Liabilities	(2,170,250)	(839,696)
Total current net assets	870,651	334,255
Non current:		
Assets	778,417	1,840,825
Liabilities	475,327	(366,005)
Total non-current net assets	1,253,744	1,474,820
Total net assets	$ 2,124,395	$ 1,809,075

The following is a summarized consolidated statement of comprehensive loss of Votigo for the year ending July 31, 2020 and 2021:

	July 31, 2021	July 31, 2020
Revenue	$ 2,811,740	$ 1,137,969
Net loss and comprehensive loss	$ (226,716)	$ (224,951)

21. CAPITAL MANAGEMENT

The Company defines capital as an aggregate of its equity. The Company manages its capital structure to ensure it has sufficient capital to meet its obligations as they come due. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, investments, accounts receivable, loan receivable, accounts payable, related party loans, lease liability and loans payable. As at July 31 2021, there were no significant differences between the carrying amounts of cash, investments, accounts receivable, accounts payable, lease liability and loans payable and their estimated fair values. The carrying value of these items approximates their fair values.

Loans payable and lease payable are measured at amortized cost using the effective interest rate method.

Fair Value
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:
- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of July 31, 2021, the Company classified cash as Level 1 and loan receivable and investments as Level 3. The fair value of investments is determined using various valuation techniques which include comparable company metrics, Black-Scholes Option Pricing Models and discounted cash flow analysis. The Company also has an option to acquire a further 834,346 Series A Shares of Votigo which is valued using the Black Scholes Option Pricing Model.

The Board of Directors approves and monitors the risk management processes. The Company has exposure to the following risks from its use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Currency risk

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. All of the Company's loans payable and investments have a fixed interest rate therefore the Company is not currently exposed to interest rate risk.

Credit Risk
Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument

22. FINANCIAL INSTRUMENTS (CONT'D)

fails to meet its contractual obligations. The Company's receivable consists of trade receivables, receivable from a third party from a sale of investment and government sales tax receivable. Based on the evaluation of receivables at July 31, 2021, the Company believes that its receivables are collectable, however, due to the current Covid-19 pandemic, there is an increase in the uncertainty of collectability and management has determined credit risk is high.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Market Risk
Market risk is the risk that investments in shares of publicly traded companies will decline in value as a result of a decline in prices quoted in open markets. The Company is exposed to market risk as it owns shares in Leaf.

Currency Risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency exchange risk as it has sales and contracts denominated in currencies other than the functional currency of the Company and its subsidiaries.

The Company's reporting currency is the Canadian dollars and as such the Company is exposed to foreign currency fluctuations on its US dollar denominated financial instruments. As at July 31, 2021, the Company had US dollar denominated cash of US$124,181 (2020 – US$1,470), and loans of US$1,400,000 (2020 – US$350,000). As at July 31, 2021, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net income by approximately $38,000 (2020 – $9,908).

23. SEGMENT INFORMATION

The Company operates in two geographical areas and two operating segments, being investing activities (Canada) and online promotions (United States of America). During the year ended July 31, 2021 and 2020, the Company had two operating segments, being investing activities (Canada) and online promotions (United States of America). Revenue and assets by geography are presented below:

(Expressed in Canadian Dollars)

23. SEGMENT INFORMATION (CONT'D)

As at and for the year ended July 31, 2021:

		Canada		USA		Total
Revenue	$	-	$	2,811,740	$	2,811,740
Depreciation	$	139	$	235,445	$	235,584
Interest expense	$	419,139	$	68,127	$	487,266
Fair value gain on investments	$	97,106	$	-	$	97,106
Income taxes	$	(45,242)	$	-	$	(45,242)
Net loss	$	750,461	$	226,716	$	977,177
Current Assets	$	2,256,243	$	3,040,901	$	5,297,144
Non current assets	$	5,045,200	$	778,418	$	5,823,618
Non-controlling interest	$	-	$	1,347,652	$	1,347,652

As at and for the year ended July 31, 2020:

		Canada		USA		Total
Revenue	$	1,581	$	1,137,969	$	1,139,550
Depreciation	$	6,380	$	151,272	$	157,652
Interest expense	$	257,246	$	3,514	$	260,760
Fair value gain on investments	$	811,193	$	-	$	811,193
Income taxes	$	-	$	74,984	$	74,984
Net loss	$	275,810	$	(224,951)	$	50,859
Current Assets	$	329,833	$	1,173,951	$	1,503,784
Non current assets	$	3,433,971	$	1,840,825	$	5,274,796
Non-controlling interest	$	-	$	1,245,426	$	1,245,426

24. INCOME TAXES

A reconciliation of the calculated income taxes for the fiscal years ended July 31, 2021 and 2020 are as follows:

		July 31, 2021		July 31, 2020
Combined federal and provincial statutory income tax rate		25.87%		27.00%
Accounting loss before income taxes	$	(931,935)	$	(24,125)
Expected income tax recovery at statutory rates		(241,073)		(6,514)
Non-deductible expenditures		177,949		59,048
Other		536,391		(105,476)
Change in valuation		(428,025)		(22,042)
Income tax recovery	$	45,242	$	(74,984)

(Expressed in Canadian Dollars)

24. INCOME TAXES (CONT'D)

The Company did not recognize the following deferred tax assets for the following deductible temporary differences:

	July 31, 2021	July 31, 2020
Non-capital losses	$ 1,459,638	$ 6,344,198
Goodwill	-	421,639
Investments	(1,496,409)	(811,104)
Other deductible temporary differences	348,127	223,559
	308,356	6,178,292
Tax benefits not recognized	(308,356)	(6,178,292)
Deferred tax liability related to intangible assets	(218,531)	(263,773)
Balance	$ (218,531)	$ (263,773)

As at July 31, 2021, the Company has $1,459,638 tax loss carry-forward that it can apply against income in future years.

25. SUBSEQUENT EVENTS

On August 11, 2021, the loan receivable from SiteMax Systems inc. has been repaid in full for total cash proceeds of $114,505.

On September 10, 2021, the Company acquired 200,000 common shares of Creator by participating in a non-brokered private placement financing at a price of $1.00 per common share for total consideration of $200,000. The Company now owns 2.84% of the issued and outstanding common shares of Creator.

On September 15, 2021, the Company invested $300,000 in convertible promissory note issued by CodeZero Technologies Inc. ("CodeZero"), a Vancouver-based technology company. The note is due on November 15, 2022 and carries a 6% annual interest rate. The note is eligible to be converted into equity of CodeZero at a 20% discount to the next round of financing by CodeZero.

On October 28, 2021, U.S. Small Business Administration has informed the Company that the paycheck protection program loan previously disbursed on March 5, 2021 for gross proceeds of $99,434 (USD $80,939) was forgiven in full.