TELECURE TECHNOLOGIES INC.

(Formerly Livecare Acquisition Corp.)

Condensed Interim Consolidated Financial Statements

For the six months ended June 30, 2021

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of Telecure Technologies Inc. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the six months ended June 30, 2021, has not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

Telecure Technologies Inc.
(Formerly Livecare Acquisition Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	**June 30, 2021**	**December 31, 2020**
ASSETS			
Current assets			
Cash		$ 2,358,211	$ 210,901
Deposits held in trust	7	7,065,565	-
GST receivable		66,545	20,877
Investment	6	1,344,000	2,856,000
Loans receivable	5	644,484	185,302
Prepaid expenses		174,000	50,000
		11,652,805	3,323,080
Non-current assets			
Investment	6	-	714,000
TOTAL ASSETS		11,652,805	4,037,080
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	1,263,975	839,745
Loan payable	8	140,977	134,238
Total liabilities		1,404,952	973,983
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	1,899,729	1,045,600
Subscriptions received	7	7,986,729	672,470
Reserves	7	810,833	-
Retained earnings (Deficit)		(449,693)	1,345,027
Total shareholders' equity		10,247,853	3,063,097
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 11,652,805	$ 4,037,080

Nature of operations – Note 1
Going concern – Note 2
Subsequent events – Note 12

Approved on behalf of the Board of Directors:

"Harwinder Parmar", Director *"Eli Dusenbury",* Director

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

Telecure Technologies Inc.
(Formerly Livecare Acquisition Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and six months ended June 30, 2021 and June 30, 2020
(Expressed in Canadian dollars)

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
EXPENSES				
Consulting fees	$ 127,872	$ -	$ 273,974	$ -
Management fees (Note 8)	105,373	-	207,331	-
Filing fees	7,996		7,996	-
Office and miscellaneous	10,035	15	33,548	31
Professional fees	255,745	808	467,730	11,451
Share-based payments (Note 8)	94,168	-	545,629	-
TOTAL OPERATING EXPENSES	(601,189)	(823)	(1,536,208)	(11,482)
OTHER ITEMS				
Fair value gain/(loss) on investments (Note 6)	218,460	555,000	(267,540)	555,000
Realized gain on investments (Note 6)	10,770	-	20,850	-
Interest expense (Note 8)	(3,429)	-	(6,739)	-
Write down of loan receivable (Note 6)	-	-	-	(649,934)
Foreign exchange (loss)	(1,386)	-	(5,083)	-
TOTAL OTHER ITEMS	227,187	555,000	(258,512)	(90,477)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(374,002)	554,177	(1,794,720)	(101,959)
Loss per share, basic	$ (0.023)	0.55	(0.20)	$ (0.10)
Weighted average number of common shares outstanding – Basic	16,381,143	1,015,447	8,783,660	1,015,447

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

Telecure Technologies Inc.
(Formerly Livecare Acquisition Corp.)
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the six months ended June 30, 2021 and June 30, 2020
(Expressed in Canadian dollars)

	Share Capital					
	Number	**Amount**	**Subscriptions received**	**Reserves**	**Earnings (deficit)**	**Total shareholders' equity (deficiency)**
		$	$	$	$	$
Balance, December 31, 2019	1,015,447	1,045,600	-	-	(1,079,687)	(34,087)
Private placements	-	-	-	-	-	-
Loss for the period	-	-	-	-	(10,660)	(10,660)
Balance, June 30, 2020	1,015,447	1,045,600	-	-	(1,090,347)	(44,747)
Private placements	-	-	672,470	-	-	672,470
Income for the period	-	-	-	-	2,435,374	2,435,374
Balance, December 31, 2020	1,015,447	1,045,600	672,470	-	1,345,027	3,063,097
Private placements	-	-	8,433,847	-	-	8,433,847
Conversion of first special warrants	25,000,000	500,000	(500,000)	-	-	-
Conversion of second special warrants	1,011,796	354,129	(354,129)	-	-	-
Agent options	-	-	(265,204)	265,204	-	-
Fair value of options granted	-	-	-	265,629		265,629
Fair value of restricted shares granted	-	-	-	280,000	-	280,000
Loss for the period	-	-	-	-	(1,794,720)	(1,794,720)
Balance, June 30, 2021	27,027,243	1,899,729	7,896,984	810,833	(449,693)	10,247,853

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

(Expressed in Canadian dollars)

		For the six months ended June 30, 2021		For the six months ended June 30, 2020
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Loss for the period	$	(1,794,720)	$	(101,959)
Items not involving cash:				
Fair value gain/(loss) on investments		267,540		(555,000)
Realized gain on investment		(20,850)		-
Foreign exchange		11,661		-
Interest expense		6,739		-
Share-based payments		545,629		-
Write down of loan receivable		-		645,477
Changes in non-cash working capital items:				
GST receivable		(45,668)		18,577
Accounts payable and accrued liabilities		424,229		11,981
Prepaid expenses		(124,000)		-
Cash (used in) provided by operating activities		(729,439)		19,076
INVESTING ACTIVITIES:				
Sale of investments		1,979,310		-
Loans receivable advance		(470,843)		-
Cash provided by investing activities		1,508,467		-
FINANCING ACTIVITY:				
Proceeds from subscription receipts		8,433,847		-
Cash provided by financing activity		8,433,847		-
Net change in cash		9,212,874		19,076
Deposits held in trust		(7,065,565)		-
Cash, beginning of period		210,901		2,467
Cash, end of period	$	2,358,210	$	21,543
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

Supplemental cash flows information (Note 11)

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

1. NATURE OF OPERATIONS

Telecure Technologies Inc. (formerly Livecare Acquisition Corp.) (the "Company") was incorporated under the laws of British Columbia on September 14, 2018. The Company's registered office is 2200-885 W Georgia Street, Vancouver, British Columbia V6C 3E8.

The Company was incorporated with the intention of establishing itself in the health care technology industry with the goal of a strategic acquisition. On December 15, 2020, the Company entered into an acquisition agreement (the "Arrangement Agreement") with MyApps Corp. ("MyApps"), a privately owned corporation in the business of developing telehealth software and services for iOS and Android mobile platforms. Pursuant to the terms of the Arrangement Agreement, the Company will acquire all of the issued and outstanding securities of MyApps in exchange for 32,000,000 common shares of the Company on a pro rata basis (the "Acquisition"). Concurrently with the completion of the Acquisition, the Company will obtain its final receipt for a long form prospectus (the "Prospectus") from Canadian securities regulators. During August 2021, the Company received receipt of its long form prospectus and completed the acquisition of MyApps.

The Acquisition will result in a reverse take over and reverse acquisition accounting will be applied with MyApps being the accounting acquirer.

Upon completion of the share exchange transaction and its going-public transaction of listing its shares on the Canadian Securities Exchange (the "CSE"), the Company will continue to focus its efforts on pursuing opportunities in the healthcare technology industry.

These condensed interim consolidated financial statements of the Company for the periods ended June 30, 2021 and 2020 were approved by the Board of Directors on August 30, 2021.

2. GOING CONCERN

The Company has incurred losses and has no current source of operating revenue and is accordingly dependent upon the receipt of equity or related party debt financing on terms which are acceptable to it.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. At June 30, 2021, the Company had a deficit of $449,693 (December 31, 2020 – retained earnings of $1,345,027) and working capital of $10,247,854 (December 31, 2020 – $2,349,097). During the period ended June 30, 2021, the Company incurred a net and comprehensive loss of $1,696,952 (June 30, 2020 – net and comprehensive loss of $101,959). The Company's working capital and net income/(loss) position as at June 30, 2021 is primarily driven by its investment in the CloudMD shares (Note 6).

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. While the Company expects to incur further losses in the development of its business, the Company has sufficient working capital to fund its operations over the next 12 months.

2. GOING CONCERN (CONTINUED)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for financial instruments which are classified as fair value through profit or loss and cash flow information. The accounting policies below have been applied to all periods presented in these condensed interim consolidated financial statements and are based on International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS) as issued by the International Accounting Standards Board ("IASB"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

These condensed interim consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, and expense. Certain items are stated at fair value.

3.1. Significant judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

3. BASIS OF PRESENTATION (CONTINUED)

Critical Accounting Estimates

Collectability of receivables

The Company assesses the collectability of its loan receivable on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts.

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3.2 Basis of Consolidation

In addition, these condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, 11189182 Canada Corp. and 1278859 BC Ltd.

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

3.3 Functional currency

The condensed interim consolidated financial statements are presented in Canadian dollars. Items included in the condensed interim consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The functional currency of the parent company and its subsidiaries is the Canadian dollar.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal years ended December 31, 2020 and 2019, included in the prospectus.

5. LOANS RECEIVABLE

CloudMD

On February 21, 2019 the Company entered into a Loan Agreement (the "Loan") with Livecare Health Canada Inc. (the "Borrower") to advance funds for the purpose of pursuing a transaction whereby the Company and the Borrower would enter into an amalgamation agreement with the effect that the Borrower would become a wholly-owned subsidiary of the Company, and the Company would subsequently pursue a going-public transaction in respect of the Borrower. The Loan accrued interest at the Prime Rate as at the effective date plus 1% per annum, payable on the maturity date of six months from the effective date. The Loan was due on demand with repayment of the principal and all accrued and unpaid interest due on the demand date.

The Borrower had the privilege of prepaying the loan in whole or in part without notice, penalty or bonus. Interest was payable on the maturity date of six months from the effective date of February 21, 2019.

During January 2020, the Borrower was acquired by CloudMD Software & Services Inc. (formerly Premier Health Group Inc.) ("CloudMD") and the Borrower's loan from the Company was settled through the issuance of 1,500,000 common shares of CloudMD subject to escrow provision as per the debt settlement agreement (Note 6). On the date of issuance, the fair value of the shares received was $450,000. As a result, the Company wrote-down the loan receivable during the year ended December 31, 2019 to reflect the fair value of the shares received on the date of issuance.

MyApps Corp.

During December 2020, the Company entered into a Promissory Note (the "Loan") with MyAps Corp. ("MyApps") to advance funds for the purpose of pursuing a transaction whereby the Company and MyApps would enter into an arrangement agreement with the effect that MyApps would become a wholly-owned subsidiary of the Company. Concurrently with the completion of the Acquisition, the Company obtained its final receipt for a long form prospectus (the "Prospectus") from Canadian securities regulators on August 11, 2021. The Loan will form part of the purchase price with the closing of the acquisition. Amounts that are passed due, shall bear interest at a rate of 10% per annum, payable on demand. As at June 30, 2021, the total of the loan denominated in CAD dollars was $656,145 (December 31, 2020 – $185,302).

During the period ended June 30, 2021, the Company advanced $470,844 (December 31, 2020 – $185,302) for total loan receivable of $656,145 (December 31, 2021 - $185,302) and recognized interest income of $nil (2020 - $nil). As at June 30, 2021, the Company has not interest income on the promissory note.

(Expressed in Canadian dollars)

6. INVESTMENT

A summary of changes in fair value for the Company's investment in CloudMD for the six months ended June 30, 2021 is as follows:

Balance, December 31, 2019	**$**	**-**
Fair value of shares received on settlement (Note 5)		450,000
Fair value gain		3,120,000
Balance, December 31, 2020		3,570,000
Fair value of 900,000 share disposition		(1,979,310)
Fair value loss		(246,690)
Balance, June 30, 2021	**$**	**1,344,000**

Current asset	$	1,344,000
Non-current asset	$	-

The CloudMD shares are subject to contractual trading restriction and will be released from escrow as follows:

- 600,000 shares will be released 12 months following the issuance date (sold during the period ended June 30, 2021);
- 300,000 shares will be released 16 months following the issuance date (sold during the period ended June 30, 2021);
- 300,000 shares will be released 20 months following the issuance date; and
- 300,000 shares will be released 24 months following the issuance date

As at June 30, 2021, Nil (December 31, 2020 – 300,000) CloudMD shares were subject to holding periods exceeding 12 months. The fair value of these shares has been recorded as a non-current asset.

7. SHARE CAPITAL

7.1 Authorized Share Capital

1. Unlimited number of Class "A" Common voting shares, without par value
2. Unlimited number of Class "B" Common non-voting shares, without par value

7.2 Shares Issued

Shares issued and outstanding as June 30, 2021 are 27,027,243 (December 30, 2020 – 1,015,447) Class A Common shares.

During the year ended December 31, 2020, the following share transactions occurred:

On November 9, 2020, the Company issued 25,000,000 special warrants of the Company at $0.02 for total proceeds of $500,000. The special warrants convert to a common share on the earlier of (i) the date that is four months and a day following the closing date of the special warrant financing and (ii) the receipt of final prospectus. Subsequently the Company increased the subscription price to $0.05 per special warrant on 25,000,000 special warrants and in May 2021, the special warrants were converted into 25,000,000 common shares. The increased subscription price resulted in an additional $750,000 in proceeds. Of the resulting 25,000,000 common shares, 24,850,000 are subject to escrow with 1/4th released on the listing date, 1/3rd of the remaining common shares released six months after listing, 1/2 of the remaining common shares released twelve months after listing and the remaining balance released eighteen months after listing. The remaining 150,000 common shares are held by a Director of the Company with 10% released on the listing date and 15% released every six months thereafter.

During the period ended June 30, 2021, the following share transactions occurred:

On January 28, 2021 the Company completed a brokered private placement for a total of 25,234,159 units at a price of $0.35 per unit for gross proceeds of $8,831,956. Each unit consisting of a special warrant (the "Second Special Warrants") and a subscription receipt (the "Subscription Receipts") were issued by the Company. The units were sold pursuant to an agency agreement (the "Agency Agreement") between the Company, Mackie Research Capital Corporation (the "Lead Agent"), PI Financial Corp., Echelon Wealth Partners Inc. and Canaccord Genuity Corp. (collectively with the Lead Agent, the "Agents").

On the date (the "Second Special Warrant Automatic Exercise Date") that is the earlier of one business day following: (i) the date that is four months and a day following the closing date of the unit offering; (ii) the satisfaction of the Conversion Conditions (as defined herein), each Second Special Warrant shall be automatically exercised for one-fifth (1/5) of a Second Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. On the Second Special Warrant Automatic Exercise Date, the Corporation will issue 5,046,832 common shares. On June 17, 2021, 1,011,796 of the Second Special Warrants were converted into 1,011,796 common shares with 4,035,035 converting subsequent to period end.

7. SHARE CAPITAL (CONTINUED)

7.2 Shares Issued (Continued)

Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder thereof, four-fifths (4/5) of a Subscription Receipt Share upon the satisfaction of the escrow release conditions. The portion of the gross proceeds from the sale of the units attributable to the Subscription Receipts, being $7,065,565, were deposited in escrow and held by Odyssey Trust Company (the "Subscription Receipt Agent") in a separate interest bearing account (the "Escrowed Funds"), with such Escrowed Funds not to be released until occurrence of each of the following events: (i) the satisfaction of the Conversion Conditions; (ii) the Corporation and the Agents having delivered the Escrow Release Notice to the Subscription Receipt Agent; and (iii) the Corporation shall not have committed any material breach of the Agency Agreement that has not been cured within five (5) Business Days of the Company's receipt of written notice from the Lead Agent, on behalf of the Agents, specifying in reasonable detail the nature of such breach and the Agency Agreement shall not have been terminated (the "Escrow Release Conditions"). Upon the satisfaction of the Escrow Release Conditions the balance of the Escrowed Funds together with the interest earned therein will be accessible by the Corporation, and, without payment of any additional consideration and without further action on the part of the holder of Subscription Receipts, the Corporation will issue 20,187,327 common shares. If the Escrow Release Conditions are not satisfied on or before March 26, 2021 or such later date as the Corporation and the Agents may agree to in writing, the Corporation advises the Agents or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Funds shall be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate offering price paid by the holders in respect of the Subscription Receipts comprising part of the Unit, the Corporation shall be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall. On August 27, 2021, the Company issued 20,187,327 common shares pursuant to the close of this transaction and satisfaction of the escrow release conditions.

In connection with the transaction, the Company issued 1,453,492 agents' compensation options with an exercise price of $0.35 for a period of 2 years from the grant date. The total value of the agent options was $265,204, which was recorded as share issuance cost. The fair value of agent options was estimated using the Black-Scholes valuation model (average volatility 100%, expected life 2 years, risk free rate 0.17%).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

7.3 Options

Summary of option activity

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
		$	
Balance, December 31, 2020	-	-	-
Addition	1,950,000	0.35	2.83
Balance, June 30, 2021	**1,950,000**	0.35	2.83
Exercisable, June 30, 2021	**975,000**	0.35	2.83

The options have a weighted average remaining life of 2.58 years as at June 30, 2021.

The options outstanding and exercisable at June 30, 2021 are:

	Number of Warrants	Exercise price	Expiry date
January 27, 2021	*1,950,000	$ 0.35	January 27, 2024
Balance, June 30, 2021	**1,950,000**		
Exercisable, June 30, 2021	**975,000**		

On January 27, 2021, the Company granted 1,950,000 options to officers, directors and consultants at an exercise price of $0.35 per share. The options shall vest in 25% increments, with the first 25% vesting immediately and each following 25% increment vesting on each 6 month anniversary of the grant date until 100% of the options are vested. The total value of options granted was $311,922, of which $265,629 (2020 - $nil) was recorded as share-based payments. The fair value of options was estimated using the Black-Scholes valuation model (average volatility 100%, expected life 3 years, risk free rate 0.19%).

*Subsequent to period end, 250,000 of these options were cancelled.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

7.3 Options (Continued)

Summary of agent option activity

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
		$	
Balance, December 31, 2020	-	-	-
Addition	1,453,492	0.35	1.83
Balance, June 30, 2021	**1,453,492**	0.35	1.83

The agent options have a weighted average remaining life of 1.58 years as at June 30, 2021.

The agent options outstanding and exercisable at June 30, 2021 are:

	Number of Warrants	Exercise price	Expiry date
January 28, 2021	1,453,492	$ 0.35	January 28, 2023
Balance, June 30, 2021	**1,453,492**		

7.4 Warrants

Summary of purchase warrants activity

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2020	535,644	4.96
Expired	(73,144)	30.00
Balance, June 30, 2021	**462,500**	1.00

The share purchase warrants have a weighted average remaining life of 2.75 years as at June 30, 2021.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

7.4 Warrants (Continued)

The share purchase warrants outstanding and exercisable at June 30, 2021 are:

	Number of Warrants	Exercise price	Expiry date
March 29, 2019	462,500	$ 1.00	March 29, 2024
Balance June 30, 2021	**462,500**		

7.5 Restricted share rewards ("RSRs")

During the six months ended June 30, 2021, the Company granted the following RSRs subject to time-based vesting conditions to directors, officers and consultants:

	RSRs
December 31, 2020	-
Granted	800,000
Outstanding and vested, June 30, 2021	**800,000**

During the six months ended June 30, 2021, the Company recognized $280,000 (June 30, 2020 - $nil) in share-based payment expense in connection with the RSRs granted.

7.6 Performance warrants ("PWs")

During the six months ended June 30, 2021, the Company granted the following PWs:

i. On January 27, 2021, the Company issued an aggregate of 6,000,000 performance warrants to certain consultants as consideration for the performance of ongoing consulting services. Each of the 6,000,000 performance warrant are exercisable to acquire one common share of the Company at a price of $0.05 for a period of three years from the date of issuance, and will vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of $2,500,000 or greater either in a single or in a series of separate transactions in respect of which the vending party is identified and introduced to the Company by the holder of such performance warrants;

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

7.6 Performance warrants (Continued)

As of June 30, 2021, there was no progress towards PWs vesting milestones and as a result, the Company applied a probability of 0% towards vesting and as such, did not record any fair value.

	Performance warrants		Exercise Price
December 31, 2020	-	$	-
Granted	6,000,000		0.05
Outstanding, June 30, 2021	**6,000,000**	**$**	**0.05**
Vested	-		-
Exercisable, June 30, 2021	**-**	**$**	**-**

The performance warrants outstanding and exercisable at June 30, 2021 are:

Expiry date	Performance warrants outstanding	Performance warrants exercisable		Exercise Price
Performance Warrants				
January 27, 2024	*6,000,000	-	$	0.05
Balance, June 30, 2021	**6,000,000**	**-**	**$**	**0.05**

At June 30, 2021, the weighted-average remaining life of the outstanding performance warrants was 2.58 years.

*Subsequent to period end, 1,500,000 of these PWs were cancelled.

8. RELATED PARTY TRANSACTIONS AND BALANCES

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 consists of executive and non-executive members of the Board or Directors and corporate officers.

During the period ended June 30, 2021, the Company accrued $69,500 (2020 - $nil) included in management fees to a company controlled by the CFO of the Company pursuant to CFO services provided. The Company granted 250,000 options to a company controlled by the CFO on January 27, 2021, measured at a fair value of $34,020 (2020 - $nil) recognized in share-based payments.

During the period ended June 30, 2021, the Company accrued $60,000 (2020 - $nil) included in management fees to a company controlled by a Director of the Company pursuant to Directors services provided. The Company granted 500,000 RSRs and 250,000 options to a Company controlled by a

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Director on January 27, 2021, measured at a fair value of $175,000 (2020 - $nil) and $34,020 respectively, recognized in share-based payments.

During the period ended June 30, 2021, the Company paid $77,831 (2020 - $nil) included in management fees to the COO of the Company pursuant to COO services provided. On the completion of the acquisition agreement (Note 12), the Company will grant the COO 350,000 options and 500,000 RSRs.

As at June 30, 2021, $274,992 (December 31, 2020 - $139,641) was owing to key management personnel for fees and the amount were included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at June 30, 2021, the Company has a loan payable of $140,977 (December 31, 2020 - $134,238) to a Director of the Company. The loans are unsecured, accrue interest at 10% per annum and are due on demand. During the period ended June 30, 2021, $6,739 (2020 - $nil) in interest expense was recognized in the statement of loss and comprehensive loss.

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements and there were no changes to managements approach to capital management during the period.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

10. RISK MANAGEMENT (CONTINUED)

10.1 Financial Risk Management (Continued)

a. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company's cash is held in a large Canadian financial institutions and in a legal trust account and its GST receivable is due from the Government of Canada. The Company also held a loan receivable for which collectability is assessed on an ongoing basis.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2021, the Company had a working capital of $10,247,853 (December 31, 2020 – $2,349,097) and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had cash of $2,358,211 (December 31, 2020 - $210,901) and, total liabilities of $1,404,952 (December 31, 2020 - $973,983).

c. Market Risk

Market risk incorporates changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(i) Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has loans receivable bearing interest at 5% per annum. The fair value is relatively unaffected by changes in short-term interest rates. A nominal change interest rates would have an insignificant impact on the Company's profit or loss.

(ii) Foreign currency risk

Foreign currency risk arises from the fluctuation of foreign exchange rates. The Company's assets, liabilities, and operations are predominantly denominated in Canadian dollars. As at June 30, 2021, the Company has a loan receivable of $656,145 (USD 482,000) and $162,322 (USD 128,083) in outstanding in accounts payable and accrued liabilities. These liabilities may have a significant exposure to foreign currency risk.

(iii) Price risk

Equity price risk is the potential impact on the Company's earning due to movement in individual equity prices or levels on the stock market. The Company is exposed to fluctuations in the market price of its CloudMD shares.

10. RISK MANAGEMENT (CONTINUED)

10.2 Fair Values

The carrying values of cash, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash, and investment is considered to be Level 1 within the fair value hierarchy.

11. SUPPLMENTAL CASH FLOWS INFORMATION

During the period ended June 30, 2020:

- loans receivable of $450,000 were transferred to investment.

During the period ended June 30, 2021, the Company issued:

- 1,453,492 agent options in connection with a private placement that was completed on January 28, 2021. The options have a fair value of $265,204.
- 1,950,000 Stock options to directors, officers and consultants. The options have a fair value of $265,629;
- 800,000 Stock options to directors, officers and consultants. The restricted shares have a fair value of $280,000.

12. SUBSEQUENT EVENTS

- During July 2021, the Company increased the subscription price to $0.05 per special warrant on 25,000,000 special warrants resulting in an additional $750,000 in proceeds.

- Under the equity incentive plan, the Company has committed to issue an additional 6,000,000 PWs exercisable into common shares at $0.05 per PWs for a period for 3 years from the grant date, an additional 1,550,000 stock options exercisable into common shares at $0.35 per option for a period for 3 years from the grant date, and an additional 150,000 restricted share rights.

- Subsequently, the Company cancelled 250,000 consulting options and 1,500,000 PWs.

- On August 12, 2021, the Company received receipt of its long form prospectus and subsequently completed the acquisition of MyApps;