GameOn Entertainment Technologies Inc.

Consolidated Financial Statements
Three and six months ended June 30, 2022 and 2021

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of GameOn Entertainment Technologies Inc. are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized, and properly recorded, and financial information is reliable.

(Expressed in Canadian dollars)

	Note		As at June 30, 2022		As at December 31, 2021
ASSETS					
Current assets					
Cash	1,3,12	$	4,722	$	1,610,215
Prepaids	4		2,347,054		137,934
Accounts receivable			23,458		2,583
Government sales tax receivable			64,971		43,637
			2,440,205		1,794,369
Non-current assets					
Advances			500		500
Intangible assets	5		1,441,000		941,000
Goodwill			3,432,783		3,432,783
TOTAL ASSETS		**$**	**7,314,488**	**$**	**6,168,652**
LIABILITIES					
Current liabilities					
Accounts payable	6	$	540,440	$	110,775
Accrued liabilities	6		14,810		157,492
Income tax payable			21,404		21,404
Obligation to issue convertible debentures			95,000		95,000
Convertible debentures	7		2,324,653		-
Due to related party	6		50,000		-
			3,046,307		384,671
Non-current liabilities					
CEBA loan	8		44,731		40,693
TOTAL LIABILITIES			**3,091,038**		**425,364**
SHAREHOLDERS' EQUITY					
Share capital	9		11,376,287		11,076,287
Reserve	9		4,957,609		4,775,691
Equity portion of convertible debentures			427,778		427,778
Deficit			(12,538,224)		(10,536,468)
TOTAL SHAREHOLDERS' EQUITY			4,223,450		5,743,288
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,314,488**	**$**	**6,168,652**

Nature of operations and going concern – Note 1
Subsequent events – Note 12

See accompanying notes to the condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue		$ 123,330	$ 7,290	$ 330,481	$ 10,081
Expenses					
Amortization		-	153,483	-	293,006
Foreign exchange loss (gain)		(6,152)	2,227	1,245	(3,374)
General and administration		138,550	179,234	249,551	221,013
Interest and accretion	7,8	108,183	102,179	210,691	214,762
Investor relations		42,845	6,176	151,527	6,176
Management fees		-	(152)	-	-
Professional and consulting fees	6	419,740	1,431,067	846,403	1,715,725
Sales and marketing		308,887	393,439	408,540	471,255
Share-based compensation	9	11,024	18,330	181,918	950,834
Transfer agent and regulatory fees		12,575	38,120	21,528	47,357
Wages		322,792	385,747	684,434	573,863
Total expenses		(1,358,444)	(2,709,850)	(2,755,837)	(4,490,617)
Other Items					
Gain on derivative liability		-	24,722	-	27,008
Gain on settlement of debt	7	-	15,000	423,600	296,880
Impairment of related party receivable		-	(2,238)	-	(13,057)
		-	37,484	423,600	310,831
Net loss and comprehensive loss for the period		**$ (1,235,114)**	**$ (2,665,076)**	**$ (2,001,756)**	**$ (4,169,705)**
Loss per share - basic and diluted		**$ (0.02)**	**$ (0.06)**	**$ (0.03)**	**$ (0.08)**
Weighted average number of common shares outstanding for the period - basic and diluted		**64,730,846**	**47,722,789**	**64,433,354**	**51,160,168**

See accompanying notes to the condensed consolidated interim financial statements

GameOn Entertainment Technologies Inc.
Condensed consolidated interim statements of changes in shareholders’ equity
(Expressed in Canadian dollars)

	Note	Share Capital: Number of shares	Share Capital: Amount		Reserve: Finders' Warrants	Reserve: Contributed Surplus	Reserve: Warrants	Reserve: Total Reserve	Equity portion of convertible debentures	Deficit	Total
Balance at January 1, 2021		43,483,298	$ 4,587,636		$ 5,179	$ 670,693	$ -	$ 675,872	$ 199,703	$ (1,465,819)	$ 3,997,392
Shares issued for settlement of debt		2,948,088	927,843		-	-	-	-	-	-	927,843
Shares issued for private placement, net		16,505,536	3,739,852		-	-	1,627,214	1,627,214	-	-	5,367,066
Broker warrants issued for private placement		-	-		-	-	81,690	81,690	-	-	81,690
Shares issued for settlement of convertible debentures		6,125,933	1,738,185		-	-	-	-	(199,703)	-	1,538,482
Shares surrendered by Parent Company		(6,125,933)	-		-	-	-	-	-	-	-
Share-based payments	9	-	-		-	975,628	-	975,628	-	-	975,628
Warrants issued to settle consulting fees		-	-		-	-	200,138	200,138	-	-	200,138
Equity portion of convertible debt		-	-	-	-	-	-	-	427,778	-	427,778
Net and comprehensive loss for the period		-	-		-	-	-	-	-	(4,169,705)	(4,169,705)
Balance at June 30, 2021		**62,936,922**	**$ 10,993,516**		**$ 5,179**	**$ 1,646,321**	**$ 1,909,042**	**$ 3,560,542**	**$ 427,778**	**$ (5,635,524)**	**$ 9,346,312**
Balance at January 1, 2022		63,192,385	$ 11,076,287		$ 5,179	$ 2,861,470	$ 1,909,042	$ 4,775,691	$ 427,778	$ (10,536,468)	5,743,288
Shares issued on acquisition	5,9	1,538,461	300,000		-	-	-	-	-	-	300,000
Share-based payments	9	-	-		-	181,918	-	181,918	-	-	181,918
Net and comprehensive loss for the period		-	-		-	-	-	-	-	(2,001,756)	(2,001,756)
Balance at June 30, 2022		**64,730,846**	**11,376,287**	**-**	**5,179**	**3,043,388**	**1,909,042**	**4,957,609**	**427,778**	**(12,538,224)**	**$ 4,223,450**

See accompanying notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

	Six months ended June 30, 2022	2021
Operating activities		
Net loss for the period	$ (2,001,756)	$ (4,169,705)
Adjustments for non-cash items:		
Amortization	-	293,006
Foreign exchange gain	1,245	(3,374)
Interest and accretion	210,691	148,377
Share-based compensation	181,918	950,834
Consulting costs settled via share or warrant issuance	-	819,057
Gain on derivative liability	-	(27,008)
Gain on settlement of debt	(423,600)	(296,880)
Impairment of related party receivable	-	13,057
Changes in non-cash working capital items:		
Accounts receivable	(20,876)	-
Prepaids	334,280	(75,564)
Government sales tax recoverable	(21,334)	(27,279)
Accounts payable	429,666	60,413
Accrued liabilities	(143,927)	(109)
Other payables	-	(237,655)
Net cash flows used in operating activities	(1,453,693)	(2,552,830)
Investing activities		
Proceeds from loan receivable	-	1,697,912
Loans to related parties	-	(68,016)
Purchase of bulk media	(2,543,400)	-
Acquisition of Intellectual Property	(200,000)	-
Net cash flows provided by investing activities	(2,743,400)	1,629,896
Financing activities		
Payment to settle convertible note and derivative liability	-	(103,132)
Proceeds from convertible debenture	2,541,600	-
Proceeds from related party	50,000	-
Proceeds received in advance of subscription receipt issuance	-	5,448,756
Net cash flows from financing activities	2,591,600	5,345,624
(Decrease) increase in cash	(1,605,493)	4,422,690
Cash, beginning	1,610,215	135,476
Cash, ending	**$ 4,722**	**$ 4,558,166**

Supplemental non-cash activities:	**Note**		
Issuance of shares on acquisition of Intellectual Property	5,9	$ 300,000	$ -
		$ 300,000	**$ -**

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of Operations and Going Concern

GameOn Entertainment Technologies Inc. ("GameOn Entertainment" or "GameOn" or the "Company") was incorporated under the Business Corporation Act (British Columbia) on January 13, 2010. The Company was formerly incorporated as "V2 Games Inc." and changed names to "GameOn Entertainment Technologies Inc." on January 13, 2021. The Company is an NFT game technology company. The condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly owned subsidiary V2 Games USA Inc. ("V2 Games USA").

The Company's registered office and principal address is at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

Prior to December 1, 2020, Victory Square Technologies Inc. ("VST") held 100% of the issued and outstanding shares of the Company. On June 1, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol GET. As at June 30, 2022, VST holds 21.86% of the issued and outstanding shares of the Company (December 31, 2021 – 22.39%).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2022, the Company had a working capital deficiency of $606,102 (December 31, 2021 – $1,409,698), an accumulated deficit of $12,538,224 (December 31, 2021 – $10,536,468) and had not generated significant revenues from operations. The continued operations of the Company are dependent upon its ability to generate future cash flows from revenues in the next fiscal year and/or obtain additional financing. Management is of the opinion that sufficient funding and working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic has not had a material impact on the operations of the Company, but Management continues to monitor the situation; however, it could have a potential impact of increasing the difficulty to raise funding, finding target investments to acquire or on its ability to obtain profitable operations.

2. Significant Accounting Policies

These condensed consolidated interim financial statements were authorized for issue on August 29, 2022, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with 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") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2021.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2021.

b) Principles of Consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly-owned subsidiary V2 Games USA.

Intercompany transactions, balances, income and expenses, and gains or losses on transactions are eliminated on consolidation.

c) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain assets measured at fair value, and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company and V2 Games USA.

Certain comparative figures have been restated to conform to the current period's presentation.

3. Cash

As at June 30, 2022, the cash balance of $4,722 (December 31, 2021 - $1,610,215) was comprised entirely in cash. The Company received $550,000 USD subsequent to the financial statement period (Note 12).

4. Prepaids

Prepaids consist of the following:

		June 30, 2022		December 31, 2021
Marketing fees	$	2,314,892	$	74,126
Consulting		10,400		24,400
Insurance		-		28,688
Transfer agent		21,762		10,721
Total prepaids	$	2,347,054	$	137,934

Included in prepaid marketing fees is the unused prepaid credit balance remaining on an initial advance of $2,543,400 (USD $2,000,000) to BCCL Worldwide Inc ("BWI") in connection with the convertible debenture issuance (Note 7). BWI is a California company engaged in the business of purchasing bulk media and selling it

(Expressed in Canadian dollars)

4. Prepaids (Continued)

onwards on a retail basis to other companies. The Company is contractually obligated to utilize the credits within 24 months from the commencement of the agreement, subject to allowable extensions and has commenced and intends to conduct an extensive advertising campaign in India.

5. Acquisition

On February 4, 2022, pursuant to an asset purchase agreement (the "APA"), the Company completed its acquisition of certain assets of real-time fantasy technology, FanClash, from London-based Inplay Labs ("Vendor") for aggregate consideration of $500,000 (the "Upfront Purchase Price"). The Upfront Purchase Price is payable as follows: (i) $200,000 in cash with on the date of closing of the Transaction (the "Closing Date"), and (ii) 1,538,461 common shares of the Company ("GameOn Shares") with an aggregate value of $300,000 at a deemed price per GameOn Share equal to $0.195, which such shares is subject to securities law mandated hold period lasting until June 5, 2022 and contractual escrow with tranched release over a period of 24 months.

In addition to the Purchase Price, subject to applicable laws and approval of the CSE, GameOn has agreed to pay the Vendor up to $500,000, subject to and upon the achievement of certain performance milestones, payable through the issuance of that number of GameOn Shares being equal to a fraction, the numerator of which is $50,000 dollars, and the denominator of which is the greater of (i) the trading volume weighted average trading price of the GameOn Shares as quoted on the CSE, calculated by dividing the total value by the total volume of GameOn Shares traded for the period ending 10 CSE trading days prior to the date of the satisfaction of the performance milestone and (ii) the lowest price permissible under the rules and policies of the CSE.

6. Related Party Transactions

During the six months ended June 30, 2022, and 2021, the Company entered into the following transactions with related parties (key management):

		June 30, 2022		June 30, 2021
Professional and consulting fees	$	63,812	$	64,096
Executive and director compensation	$	65,499	$	178,957
Share-based compensation to related parties	$	101,498	$	495,463

Related Party Balances

As at June 30, 2022, the Company has $135,405 (December 31, 2021 - $84,685) due to related parties included in accounts payables and accrued liabilities and $50,000 due to VST. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

7. Convertible Debenture

On January 4, 2022, the Company closed on the issuance of a $2,541,600 (USD $2,000,000) non-interest bearing, unsecured convertible note to BWI. The note matures on the twelve-month anniversary of the closing date, convertible into common shares of the Company based on dividing the Canadian dollar converted principal amount by the lower of several amounts as contemplated in the agreement and permissible pursuant to the policies of the CSE. In connection with the offering, the Company proposes to enter a subscription agreement with BWI wherein the Company will grant additional purchase rights for additional common shares at specified intervals starting in the third quarter of 2023. Further in connection with the offering, the Company agreed to

7. Convertible Debenture (Continued)

use the entire proceeds for marketing related expenditures with BWI as per the terms of an Advertising Agreement closed in concurrence with the convertible note agreement (Note 4). The note was recognized at fair value using the Company's incremental borrowing rate of 20%. The difference between this discounted value of $2,118,000 (USD $1,666,667) and the proceeds received of $2,541,600 (USD $2,000,000) was recognized as a gain on convertible note of $423,600 (USD $333,333).

For the six months ended June 30, 2022, the Company recognized accretion on the BWI loan of $206,653 (June 30, 2021 - $Nil) for an ending balance of $2,324,653.

8. CEBA Loan

The Canadian Emergency Business Account (CEBA) loan originally launched on April 9, 2020 and is intended to support businesses during the COVID-19 pandemic. The value 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%. The difference between this discounted value of $21,074 and the proceeds received of $40,000 was recognized as a gain on CEBA loans of $18,926.

On December 4, 2020, the CEBA program was expanded, and the Company received an additional $20,000 in funds on December 31, 2020. This amount was discounted to a present value of $11,193 and an additional $8,807 gain was recognized.

The full value of the grant has been spent in the course of business operations and accordingly the gain has been recognized in other income.

For the six months ended June 30, 2022, the Company recognized accretion on the CEBA loan of $4,038 (June 30, 2021 - $3,336) for an ending balance of $44,731 (December 31, 2021 - $40,693).

9. Share Capital

Authorized Share Capital
Unlimited common shares without par value.

Issued Share Capital
As at June 30, 2022 there were 64,730,846 common shares outstanding (December 31, 2021 – 63,192,385).

Shares issued during the period ended June 30, 2022
On February 4, 2022, as part of the consideration for the acquisition of the intellectual property for Inplay Labs, the Company issued 1,538,461 common shares to the Vendor.

Reserve

Contributed surplus

The contributed surplus reserve records items recognized as share-based payments expense.

Warrants

The warrant reserve records the fair value of warrants issued as part of financing transactions and for services.

Stock Options

On January 13, 2022, the Company granted 54,627 stock options to an employee exercisable at $0.22 for two years.

(Expressed in Canadian dollars)

9. Share Capital (Continued)

On April 7, 2022, the Company granted 1,248,861 stock options to consultants and a director exercisable at $0.16 for two years.

On April 26, 2022, the Company cancelled 3,801,900 stock options previously granted to consultants, employees, advisors, executives, and directors. The options were exercisable at $0.25 to $0.41 for periods of two years.

On June 29, 2022, the Company granted 3,279,522 stock options to consultants, employees, and advisors exercisable at $0.10 for two years.

Each stock option issuance has vesting terms that vary with each individual optionee, with a portion of the options granted vesting immediately at grant date, in some issuances, and the balance vesting in equal tranches quarterly or another periodic interval.

As of June 30, 2022, 5,655,667 of the 8,277,676 granted stock options have vested (December 31, 2021 – 4,951,812). Total share-based compensation recorded for the six months ended June 30, 2022, in relation to the vested stock options was $181,918 (June 30, 2021 - $950,834).

Also on January 13, 2022, the Company granted 937,363 restricted share units ("RSU") to three employees. The RSUs vest at 25% after 12 months and 25% every three months thereafter. The fair value of the RSUs are valued at the fair market value of the Company's share price on the grant date, with the share-based compensation recorded over the vesting term. Subsequent to the initial grant, 596,454 of the RSUs were cancelled as a result of employee resignations.

On June 29, 2022, the Company granted 295,190 RSUs to an employee and two consultants. The RSUs vest evenly over seven months ending December 31, 2022.

Total share-based compensation recorded for the six months ended June 30, 2022, in relation to the RSUs was $4,067 (June 30, 2021 - $Nil).

The following weighted average assumptions were used in calculating the fair value of stock options granted during the year using the Black-Scholes Option Pricing Model:

	Expected Volatility	**Risk-free Interest Rate**	**Expected Dividend Yield**	**Expected Life (in years)**
Issued January 13, 2022	183.59%	1.16%	0%	2
Issued April 7, 2022	175.40%	2.34%	0%	2
Issued June 29, 2022	166.02%	3.12%	0%	2

The options outstanding and exercisable at June 30, 2022 are as follows:

Exercise Price	**Number of Shares Issuable**	**Exercisable**	**Expiry Date**
$0.25	2,424,000	1,621,667	February 10, 2023
$0.25	802,400	602,400	March 15, 2023
$0.41	184,145	103,527	June 28, 2023
$0.31	2,425	2,425	July 19, 2023
$0.27	281,696	216,882	November 5, 2023
$0.22	54,627	20,485	January 13, 2024
$0.16	1,248,861	348,494	April 7, 2024
$0.10	3,279,522	2,739,787	June 29, 2024
$0.18	8,277,676	5,655,667	

(Expressed in Canadian dollars)

9. Share Capital (Continued)

Stock options continuity for the year was as follows:

	Number of units	Weighted average exercise price
Balance, January 1, 2022	7,652,385	$0.28
Granted	4,583,010	0.07
Expired	(3,957,719)	
Balance, June 30, 2022	8,277,676	$0.18

Warrants

The warrants outstanding at June 30, 2022 are as follows:

Warrant	Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
Consultant Warrants	$0.25	960,000	May 30, 2023
Broker Warrants	$0.52	375,103	May 26, 2023
Subscription Receipts Warrants	$0.52	8,252,776	May 26, 2023
CEO Bonus Warrants	$0.04	600,000	June 1, 2023
	$0.47	10,187,879	

Warrant continuity for the year was as follows:

	Consultant Warrants	Broker Warrants	Subscription Receipts Warrants	CEO Bonus Warrants	Total
Balance, June 30 and January 1, 2022	960,000	375,103	8,252,776	600,000	10,187,879

The total share-based compensation for the six months ended June 30, 2022, was as follows:

		June 30, 2022		June 30, 2021
Stock-based compensation for options vested	$	134,164	$	1,025,905
Shares issued for consulting fees		-		878,596
Consultant warrants		-		200,138
Performance shares issued or to be issued to CEO		43,687		-
Restricted share units		4,067		-
Stock-based compensation	$	181,918	$	2,104,639

10. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

10. Financial Risk Management (Continued)

The Company's receivables consist of trade receivables, due from related parties, government sales tax receivable, advance, and loan receivable. Based on the evaluation of receivables at June 30, 2022, the Company believes that its receivables are collectable.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of loans, convertible debentures, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

d) Foreign exchange risk

Foreign 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 does not hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to moderate foreign exchange risk.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured using Level 1 inputs. Investments in private companies and derivative liability are measured using level 3 inputs.

The Company's financial instruments consist of cash, accounts receivable, advances, convertible debentures, accounts payable, and CEBA loan. The carrying value of financial instruments approximates the fair value as at June 30, 2022 and December 31, 2021.

11. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating year. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

12. Subsequent Events

a) On July 8, 2022, the Company closed the issuance of a Promissory Note in exchange for $550,000 USD. The Noteholder is a Venture Capital firm. The Note bears interest at the simple non-compounding rate of 14% per annum payable monthly and matures on the 18-month anniversary of the date of issuance. The Note is non-convertible into securities of the Company at any time. Until repayment of Principal, the Company may not make any distributions or management fees to any equity holders or management. The debt is secured against the monthly recurring revenue of the Company and ranks senior to all existing or future debt obligations of the Company.

b) In connection with the Promissory Note, the Company issued 5,683,533 warrants to the Principal of the Noteholder. The exercise price of the warrants is $0.06 and expires on the second anniversary of the Issue Date.

c) In connection with the Promissory Note, the Company executed a consulting agreement wherein the Company agreed to issue 1,250,377 RSUs vesting in two equal instalments on the first- and second-month anniversary of the agreement.