AI/ML INNOVATIONS INC.

(FORMERLY AIML RESOURCES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders AI/ML Innovations Inc. (formerly AIML Resources Inc.)

Opinion

We have audited the consolidated financial statements of AI/ML Innovations Inc. (formerly AIML Resources Inc.) and its subsidiary (together the “Company”), which comprise the consolidated statement of financial position as at April 30, 2021, and the consolidated statement of operations and comprehensive loss, consolidated statement of changes in equity (deficit) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2021, and its consolidated financial performance and its consolidated cash flows for the year 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 Consolidated 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 consolidated 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 consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists 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 Matter

The consolidated financial statements of the Company for the year ended April 30, 2020, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on September 29, 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
August 30, 2021

AI/ML INNOVATIONS INC.
(formerly AIML Resources Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		As at April 30, 2021		As at April 30, 2020
ASSETS				
Current assets				
Cash	**$**	**3,367,229**	$	137,750
Marketable securities (Note 4)		**118,250**		39,417
ITCs receivable		**34,805**		1,941
Prepaid expenses		**71,986**		-
Inventory		**1,750**		-
Total current assets		**3,594,020**		179,108
Non-current assets				
Exploration and evaluation asset (Note 5)		**-**		140,759
Total assets	**$**	**3,594,020**	$	319,867
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 6 and 9)	**$**	**409,343**	$	938,583
Notes payable (Note 8)		**117,000**		422,000
Due to related parties (Note 9)		**775,853**		780,820
Loans payable (Note 7)		**163,287**		-
Total current liabilities		**1,465,483**		2,141,403
Non-current liabilities				
Notes payable (Note 8)		**40,000**		-
Total liabilities		**1,505,483**		2,141,403
SHAREHOLDERS' EQUITY (DEFICIT)				
Share capital (Note 10)		**23,741,075**		19,710,010
Commitment to issue shares (Note 10)		**45,200**		-
Subscriptions receivable (Note 10)		**(172,000)**		-
Reserves (Notes 10, 11 and 12)		**5,987,995**		3,038,063
Equity portion of convertible debt		**231,092**		231,092
Deficit		**(27,526,586)**		(24,800,701)
Equity attributable to the shareholders of the Company		**2,306,776**		(1,821,536)
Non-controlling interest (Note 3)		**(218,239)**		-
Total equity / (deficit)		**2,088,537**		(1,821,536)
Total shareholders' equity and liabilities	**$**	**3,594,020**	$	319,867

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

Approved on behalf of the Board on August 30, 2021:

(Signed) "Tim Daniels" Director   (Signed) "Nick Watters" Director

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

AI/ML INNOVATIONS INC.
(formerly AIML Resources Inc.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended April 30, 2021		Year Ended April 30, 2020
Operating expenses				
Consulting (Note 9)	**$**	**53,500**	$	54,500
General and administrative (Note 9)		**353,845**		32,354
Management fees (Note 9)		**128,845**		72,000
Government grants		**(33,941)**		-
Professional fees (Note 9)		**192,814**		17,629
Research and development		**93,929**		-
Salaries and benefits (Note 9)		**157,906**		-
Share-based payments (Note 9)		**482,000**		-
Travel		**2,562**		-
Total operating expenses		**1,431,460**		176,483
Loss before other income (expense)				
Other Income (expense)				
Foreign exchange		**(15,842)**		-
Impairment of goodwill (Note 3)		**(1,248,480)**		-
Impairment of loan receivable		**-**		(18,550)
Interest expenses		**(41,464)**		(38,951)
Unrealized gain on marketable securities (Note 4)		**78,833**		21,500
Write-off of exploration and evaluation assets (Note 5)		**(168,415)**		(3,024)
Total other income (expense)		**(1,395,368)**		(39,025)
Net loss and comprehensive loss for the year	**$**	**(2,826,828)**	$	(215,508)
Net loss and comprehensive loss for the year attributed to:				
Shareholders of the Company	**$**	**(2,725,885)**	**$**	(215,508)
Non-controlling interest		**(100,943)**		-
	$	**(2,826,828)**	$	(215,508)
Basic and diluted net loss per share	**$**	**(0.17)**	$	(0.02)
Weighted average number of common shares outstanding		**16,662,352**		8,691,190

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

AI/ML INNOVATIONS INC. (formerly AIML Resources Inc.)
Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)

	Share capital									
	Number of shares	Amount	Shares to be issued	Subscriptions receivable	Reserves	Equity component of convertible debt	Deficit	Total attributed to shareholders of Company	Non-controlling interest	Total
Balance, April 30, 2019	**8,101,026**	**$ 19,524,482**	**$ -**	**$ -**	**$ 2,894,941**	**$ 231,092**	**$ (24,585,193)**	**$ (1,934,678)**	**$ -**	**$ (1,934,678)**
Shares issued in private placements	3,000,000	191,764	-	-	138,236	-	-	330,000	-	330,000
Share issuance costs	-	(6,236)	-	-	4,886	-	-	(1,350)	-	(1,350)
Net loss and comprehensive loss	-	-	-	-	-	-	(215,508)	(215,508)	-	(215,508)
Balance, April 30, 2020	**11,101,026**	**19,710,010**	**-**	**-**	**3,038,063**	**231,092**	**(24,800,701)**	**(1,821,536)**	**-**	**(1,821,536)**
Shares issued in private placements	8,000,000	2,359,750	-	(157,000)	1,640,250	-	-	3,843,000	-	3,843,000
Share issuance costs	-	(107,893)	-	-	37,100	-	-	(70,793)	-	(70,793)
Shares issued for debt	4,000,000	571,080	-	-	428,920	-	-	1,000,000	-	1,000,000
Shares issued for Salu acquisition	3,000,000	450,000	-	-	524,790	-	-	974,790	(117,296)	857,494
Shares issued for services	80,645	105,000	-	-	-	-	-	105,000	-	105,000
Shares to be issued for services	-	-	45,200	-	-	-	-	45,200	-	45,200
Stock options exercised	200,000	93,323	-	-	(43,323)	-	-	50,000	-	50,000
Warrants exercised	2,700,000	559,805	-	(15,000)	(119,805)	-	-	425,000	-	425,000
Share-based payments	-	-	-	-	482,000	-	-	482,000	-	482,000
Net loss and comprehensive loss	-	-	-	-	-	-	(2,725,885)	(2,725,885)	(100,943)	(2,826,828)
Balance, April 30, 2021	**29,081,671**	**$ 23,741,075**	**$ 45,200**	**$ (172,000)**	**$ 5,987,995**	**$ 231,092**	**$ (27,526,586)**	**$ 2,306,776**	**$ (218,239)**	**$ 2,088,537**

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

AI/ML INNOVATIONS INC.

(formerly AIML Resources Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended April 30, 2021	Year Ended April 30, 2020
Operating activities		
Net loss for the year	$ **(2,826,828)**	$ (215,508)
Items not involving cash:		
Write-off of exploration and evaluation assets	**168,415**	3,024
Impairment of loan receivable	**-**	18,550
Impairment of goodwill	**1,248,480**	-
Unrealized gain on marketable securities	**(78,833)**	(21,500)
Share-based payments	**482,000**	-
Accrued interest	**41,464**	-
Shares to be issued for services	**45,200**	-
Shares issued for services	**105,000**	-
Unrealized foreign exchange	**(5,416)**	-
Changes in non-cash working capital items:		
ITCs receivable	**20,064**	(1,568)
Prepaid expenses	**(71,986)**	-
Accounts payable and accrued liabilities	**(3,689)**	4,090
Due to related parties	**(55,218)**	86,000
Net cash used in operating activities	**(931,347)**	(126,912)
Investing activities		
Cash received from acquisition of Salu Design Group Inc.	**16,275**	-
Exploration and evaluation expenditure	**(27,656)**	(27,803)
Net cash used in investing activities	**(11,381)**	(27,803)
Financing activities		
Proceeds from issuance of common shares and units	**3,750,525**	330,000
Share issuance costs	**(70,793)**	(1,350)
Proceeds from exercise of warrants	**425,000**	-
Proceeds from exercise of options	**50,000**	-
Proceeds from loan	**17,475**	-
Repayment to related parties	**-**	(40,000)
Net cash provided by financing activities	**4,172,207**	288,650
Net change in cash	**3,229,479**	133,935
Cash, beginning of year	**137,750**	3,815
Cash, end of year	$ **3,367,229**	$ 137,750
Supplemental Information:		
Exploration and evaluation expenditures owed to related parties	$ **-**	$ 8,000
Fair value of stock options exercised	**43,323**	-
Fair value of share purchase warrants exercised	**119,805**	-
Fair value of finders' warrants	**37,100**	-
Fair value of units issued for debt	**1,000,000**	-
Subscriptions receivable	**172,000**	-
Subscriptions settled with accounts payable and loans payable	**92,475**	-
Fair value of share purchase warrants issued as part of private placement units	**2,069,170**	138,236

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

AI/ML Innovations Inc. (formerly AIML Resources Inc.) (the "Company") was incorporated under the British Columbia Business Corporations Act and having its registered and records office at 850 – 2nd Street SW, 15th Floor, Bankers Court, Calgary, Alberta, T2P 0R8 and head office at Suite 203, 645 Fort Street, Victoria, BC, V8W 1G2.

In December 2020, the Company completed the share purchase agreement with Salu Design Group Inc. ("Salu"), which is a private technology company based in Edmonton, Alberta. Salu holds the rights to intellectual property in the area of wearable technologies, and the application and methods associated with the applied AI/ML (artificial intelligence/machine learning) software using accelerometers, ECG (electrocardiogram), PPG (photoplethysmogram – used to measure blood volume changes in tissue), and other forms of physiological sensors to measure heart rate, heart rate variability, pulse oximetry, pulse wave velocity, pulse transit time, blood pressure, and activity. Salu's intellectual property also includes proprietary methods and IP relating to behavioural tagging for the purposes of psychometric analysis.

On March 11, 2020, the World Health Organization declared coronavirus COVID19 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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The COVID-19 outbreak has had minimal or no impact to the Company's operations.

These consolidated 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 April 30, 2021, the Company has not generated any revenues from operations, has an accumulated deficit of $27,526,586 and has working capital of $2,128,537. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

Statement of compliance and basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value, and are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of AI/ML Innovations Inc. and its subsidiary, Salu Design Group Inc. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany balances and transactions have been eliminated.

Name of Subsidiary	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			2021	2020
Salu Design Group Inc.	Canada	Wearable technologies	70%	-

Estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes. Although these judgments, estimates and assumptions are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

Judgments

i) Going concern assumption
The Company's ability to continue as a going concern is dependent on its ability in the future to achieve profitable operations and in the meantime, obtain the necessary financing to meet its obligations and repay its liabilities when they come due. Realization values may be substantially different from carrying values and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

ii) Income taxes and recoverability of potential deferred tax assets.
In assessing the probability of realizing income tax assets recognized, management makes judgments related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period

iii) Capitalization of research and development costs
The Company considers whether the research and development activities have met the criteria that allows capitalization under IFRS.

2. Significant accounting policies (continued)

Estimates and judgments (continued)

Judgments (continued)

iv) Carrying values for assets and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of value in use or fair value less costs of disposal in the case of non-financial assets and at external and internal sources of information that may indicate impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

v) Asset acquisition versus business combination
Management had to apply judgment with respect to whether the transaction with Salu was considered an asset acquisition or business combination. Management was required to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Pursuant to the assessment, the transaction was considered to be a business combination (Note 3).

vi) Call option over non-controlling interests
The Company has applied judgment in accounting for a call option over non-controlling interest obtained in a business combination.

Estimates

i) Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii) Performance warrants
The Company recognizes the fair value of performance warrants using the Black-Scholes option pricing model at the date of grant and applies an estimated percentage of the likelihood of the completion of the performance event.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. No cash equivalents were held as at April 30, 2021 and 2020.

Foreign currency translation

The functional currency for the Company and its subsidiary is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the period end date exchange rates. Income and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

2. Significant accounting policies (continued)

Government grants

Government grants are recognized when there is a reasonable assurance that the grant will be received, and all conditions associated with the grant are met.

Forgivable loans

A forgivable loan from the government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. The government assistance is presented in the statement of operations and comprehensive loss as other income. If there is no reasonable assurance that the entity will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the entity will meet the terms for forgiveness. Refer to Note 8.

Research and development and investment tax credits

The Company incurs costs on activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any such development costs to date. Related refundable investment tax credits are recorded as a reduction of the related research and development expense when the Company has reasonable assurance that the credit will be realized.

Mineral properties – exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Exploration and evaluation assets are classified as intangible assets.

The Company may enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits on a cash basis and are applied as a reduction to capitalized exploration costs.

2. Significant accounting policies (continued)

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company has not recorded any provisions as at April 30, 2021 or 2020.

Business combination

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred over the fair value of identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Call option over non-controlling interests

As part of the business acquisition agreement with Salu Design Group Inc., the Company has an option to acquire the remaining outstanding shares from non-controlling interests. The call option does not give the Company present access to returns associated with the ownership interest in the shares subject to the call. Accordingly, the call option has been accounted for in accordance with IFRS 9. The Company has determined that the call option meets the definition of an equity instrument, and as a result, the initial fair value has been recognized in equity and is not subsequently remeasured. If the call option is exercised, the initial fair value will be included as part of the consideration paid for the acquisition of the non-controlling interest. If the call option lapses, unexercised, there is no adjustment required within equity.

Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses and is not subject to amortization. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Goodwill is allocated to a cash generating unit ("CGU"), or group of CGUs, which is the lowest level within an entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment is tested by comparing the recoverable amount of goodwill assigned to a CGU or group of CGUs to its carrying value.

2. Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 recorded using the 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. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse 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 reporting 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.

2. Significant accounting policies (continued)

Financial instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial asset.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest.

If the business model is not to hold the debt instrument, it is classified as fair value through profit or loss ("FVTPL"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) 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 fair value through other comprehensive income ("FVTOCI").

FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method, less any impairment. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset, or where appropriate, a shorter period.

The following table shows the classification and measurement of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Classification and measurement
Cash	Fair value through profit or loss
Marketable securities	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost
Due to a related party	Amortized cost
Loans payable	Amortized cost

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

2. Significant accounting policies (continued)

Impairment of financial assets at amortized cost

The Company utilizes the expected credit losses ("ECL") model on a forward-looking basis on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVTOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime ECL 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 ECL for the financial asset at an amount equal to the twelve month ECL. The Company applies the simplified method and measures a loss allowance equal to the lifetime ECL for trade receivables.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $Nil as at April 30, 2021 and 2020.

Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the contractual right to the asset's cash flows expire; or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based payment reserve over the vesting period. Consideration paid for the shares along with the fair value recorded in share-based payment reserve on the exercise of stock options is credited to capital stock. When vested options are cancelled, forfeited, or are not exercised by the expiry date, the amount previously recognized in share-based payment reserve is reclassified to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Share capital and reserves

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes option pricing model at the issue date.

2. Significant accounting policies (continued)

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute diluted loss per share, whereby the dilutive effect of options, warrants and similar instruments are added to the weighted average number of common shares outstanding during the year. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior fiscal year this calculation proved to be anti-dilutive. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted loss per share is anti-dilutive and accordingly, the diluted loss per share would be the same as basic loss per share.

Share issuance costs

Share issuance costs are deferred and charged directly to capital stock on completion of the related financing. If the financing is not completed, share issue costs are charged to operations. Costs directly identifiable with the raising of capital will be charged against the related capital stock.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

New accounting standards and interpretations not adopted yet

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2021 that have not been applied in preparing the consolidated financial statements for the year ended April 30, 2021. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

3. Salu Design Group Inc. Acquisition

On August 16, 2020, the Company entered into a share exchange agreement (the "Agreement") with Salu Design Group Inc. ("Salu"), which is a private technology company based in Edmonton, Alberta to acquire 70% of the issued and outstanding common shares of Salu. This Agreement was part of the Company's change of business from mineral exploration to a technology company.

In accordance with IFRS 3, Business Combinations, the purchase agreement was a business combination for accounting purposes with the Company being identified as the acquirer.

In December 2020, under the terms of the Agreement, the Company acquired 70% of the issued and outstanding common shares of Salu for the following consideration:

i) 3,000,000 common shares of the Company valued at $450,000.
ii) 7,000,000 performance warrants which are exercisable into 7,000,000 common shares, free of cost, subject to the following performance conditions being met by Salu.
   a) 2,000,000 performance warrants, valued at $349,860, are exercisable upon Salu generating aggregate sales revenue within any six consecutive month period of $600,000, within 2 years of December 15, 2020
   b) 5,000,000 performance warrants, valued at $174,930, are exercisable upon Salu generating aggregate sales revenue within any six consecutive month period of $1,200,000, within 3 years of December 15, 2020.

The fair value of the performance warrants was estimated using the Black-Scholes option pricing model on the following assumptions: dividend yield 0%; volatility 144% - 153%; risk-free interest rates of 0.20%; and an expected life of 2 and 3 years.

The Company also has the option to purchase the remaining 30% of issued and outstanding common shares of Salu from non-controlling interests (the "call option") over a three-year period in exchange for 10,000,000 common shares of the Company and an additional 5,000,000 performance warrants of the Company. Fair value of the call option is $Nil.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired.

Consideration - shares	$ 450,000
Consideration - performance warrants	524,790
Total consideration	$ 974,790
Identifiable assets and liabilities acquired	
Cash	$ 16,275
Receivables	52,928
Inventory	1,750
Accounts payable and accrued liabilities	(114,036)
Amounts due to related parties and loans payable	(347,903)
Non-controlling interest	117,296
Goodwill	1,248,480
Net assets acquired	$ 974,790

3. Salu Design Group Inc. Acquisition (continued)

Goodwill

Goodwill of $1,248,480 is primarily related to the assembled workforce of Salu and growth expectations. Goodwill recognized will not be deductible for income tax purposes.

During the year ended April 30, 2021, management completed its annual impairment testing for goodwill. As a result of management's analysis and estimates and the uncertainty of future cash flows, it was determined that goodwill was impaired and an impairment charge of $1,248,480 was recognized in profit or loss.

Receivables

Receivables acquired consist of ITCs and SRED receivable. Fair value of these receivables is $52,928. SRED refund of $46,763 was collected during the year ended April 30, 2021.

Non-controlling interest

Non-controlling interest was measured at the date of acquisition at their proportionate share in the recognized amounts of the identifiable net assets.

Salu's net loss and comprehensive loss for the period from acquisition to April 30, 2021 was $336,477, of which $100,943 was allocated to non-controlling interests.

(Expressed in Canadian Dollars)

4. Marketable securities

On May 20, 2016, the Company received 716,667 common shares of Pancontinental Gold Corporation, a publicly traded company listed on the TSX Venture Exchange, with a fair value of $53,750. The common shares are held-for-trading and as of April 30, 2021, the fair value of the common shares was $118,250 (2020 - $39,417). During the year ended April 30, 2021, the Company recorded an unrealized gain of $78,833 (2020 – $21,500) which has been recorded in the consolidated statements of operations and comprehensive loss.

5. Exploration and evaluation assets

The Company's exploration and evaluation assets consist of the following:

	Mountain of Gold Property	Buzzard Property	Total
Acquisition Costs			
Balance, April 30, 2019	$ 800	$ 72,366	$ 73,166
Advance royalty payments	-	19,803	19,803
Write-off	(800)	-	(800)
Balance, April 30, 2020	-	92,169	92,169
Advance royalty payment	-	19,746	19,746
Write-off	-	(111,915)	(111,915)
Balance, April 30, 2021	$ -	$ -	$ -
Exploration Costs			
Balance, April 30, 2019	$ 2,224	$ 40,590	$ 42,814
Engineering and geological fees	-	8,000	8,000
Write-off	(2,224)	-	(2,224)
Balance, April 30, 2020	-	48,590	48,590
Field expenditures	-	7,910	7,910
Write-off	-	(56,500)	(56,500)
Balance, April 30, 2021	$ -	$ -	$ -

(a) Mountain of Gold Property, Ontario

Pursuant to a mineral property option agreement dated May 4, 2005, the Company was granted an option to acquire a 100% undivided interest in two claims in the Turnbull area of Ontario. In order to keep the option granted to the Company in good standing, the Company was obligated to:

i) issue 50,000 common shares on regulatory approval of the agreement;
ii) issue 50,000 common shares by May 4, 2006; and
iii) issue 100,000 common shares by May 4, 2007.

The Company has earned a 100% interest in the property, subject to retention by the vendor of a 1% net smelter royalty if the Company commences commercial production on the claims. The Company has the option and right to purchase and cancel 100% of the net smelter royalty at any time for $1,000,000.

During the year ended April 30, 2020, the Company recorded a write-off as it is no longer pursuing the property.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

(b) Buzzard Property, South Carolina

Pursuant to a mineral lease agreement dated September 1, 2008, the Company was granted an exclusive lease of all mineral exploration rights relating to approximately sixty-eight acres located in South Carolina. In order to keep the lease agreement granted to the Company in good standing, the Company is obligated to:

i) pay US$3,000 per year for each of the third and fourth years of the lease (paid);
ii) pay US$4,000 per year for each of the fifth, sixth, and seventh years of the lease (paid);
iii) pay US$5,000 per year for each of the eighth and ninth years of the lease (paid);
iv) upon the earlier of commercial production or the tenth year of the lease, a minimum annual advanced royalty of US$15,000 per year (paid); and
v) production royalty of 3.5% of the gross returns on any mining production.

During the year ended April 30, 2021, the Company recorded a write-off as it is no longer pursuing the property.

6. Accounts payable and accrued liabilities

		April 30, 2021		April 30, 2020
Trade payables	$	315,718	$	636,833
Accrued liabilities		16,000		10,450
Interest payable (Note 8)		77,625		291,300
Total accounts payable and accrued liabilities	$	409,343	$	938,583

During the year ended April 30, 2021, the Company settled outstanding amounts of $446,603 trade payables with the issuance of shares (Note 10).

7. Loans payable

i) As at April 30, 2021, the Company owes the amount of $14,220 (2020 - $Nil) to an unrelated party, which is non-interest bearing, unsecured, and with no fixed repayment terms.

ii) As at April 30, 2021, the Company owes the amount of $149,067 (EUR$100,000) (2020 - $Nil) to an unrelated party, which is non-interest bearing, unsecured, with no fixed repayment terms.

8. Notes payable

i) During the year ended April 30, 2021, the Company received $40,000 (2020 - $Nil) from the Government of Canada sponsored Canada Emergency Business Account (CEBA) in the form of a line of credit. This loan is a two year, interest free loan, to be repaid by December 31, 2022. If the Company repays the CEBA loan on or before December 31, 2022, the Company is liable to only repay $30,000 of the principal balance. Any unpaid principal portion of the CEBA loan after December 31, 2022 will be converted into a three-year loan with an annual interest rate of 5%.

ii) As at April 30, 2021, the Company owed $117,000 (2020 - $117,000) to an unrelated company, which is unsecured, bears interest at 10% per annum, and is due on demand. Total interest accrued during the year ended was $11,699 (2020 - $11,372).

iii) As at April 30, 2021, the Company owed $Nil (2020 - $50,000) to an unrelated company, which was unsecured, bore interest at 10% per annum, and was due on demand. During the year ended April 30, 2021, the Company settled this $50,000 loan, through the issuance of shares (Note 10).

iv) On December 10, 2009, the Company completed a convertible debenture financing for proceeds of $255,000. The convertible debenture is unsecured, bears interest at 10% per annum, and matured on December 11, 2014. The debenture is convertible into common shares of the Company at $0.10 per common share at the option of the holder for the duration of the term. The convertible feature expired on December 11, 2014 and the convertible debenture was reallocated to notes payable. In addition, the debenture holder was issued 2,550,000 detachable common share purchase warrants exercisable at $0.10 per share for a period of five years. In connection with this financing, the Company issued 255,000 units with a fair value of $16,575 as finder's fees. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of five years. The warrants expired on December 31, 2014.

The Company split the proceeds of the convertible debenture between debt and equity. The fair value of the debt was measured and the residual value was allocated to the conversion option and warrants using the relative fair value method. The amount attributable to the debt was $23,908 and the amount attributable to the conversion option and warrants was $231,092. This amount represented a deemed discount on the debt issuance, which is being accreted in the statement of operations using the effective interest rate method over the five year term of the debt. During the year ended April 30, 2021, the Company entered into an amendment to postpone the repayment date until December 31, 2022, with an interest in the amount of 5% per annum. During the year ended April 30, 2021, the Company settled the outstanding convertible debenture of $255,000 and accrued interest of $238,227 with the issuance of shares (Note 10). Total interest accrued during the year ended was $12,854 (2020 - $25,570).

(Expressed in Canadian Dollars)

9. Related party transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors.

Remuneration of directors and key management personnel of the Company was as follows:

	Year ended April 30, 2021	Year ended April 30, 2020
Consulting - general	$ 40,000	$ -
Consulting – exploration and evaluation	-	8,000
Rent - included in general and administrative expense	4,000	-
Salaries and benefits	68,166	-
Management fees	88,845	72,000
Professional fees	7,624	-
Share-based payments	236,200	-
	$ 444,835	$ 80,000

As at April 30, 2021, the Company owed:

i) $725,561 (2020 - $770,650) to a company controlled by a former director of the Company for management fees and expenses. Of the total amount owing, $657,061 is unsecured, bears interest at 5% per annum and repayable by December 31, 2022. Prior to October 31, 2020, the loan was non-interest bearing. During the year ended April 30, 2021, the Company accrued interest of $16,911 (2020 - $Nil) and repaid $75,000. The remaining amount owing of $68,500 is unsecured, non-interest bearing with no fixed terms of repayment.

ii) $54,223 (2020 - $Nil) to the Chief Executive Officer and director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment, of which $6,156 is included in accounts payable and accrued liabilities.

iii) $2,225 (2020 - $Nil) to the Chief Technology Officer and director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment.

iv) $Nil (2020 - $10,170) to a company controlled by common directors, which is unsecured, non-interest bearing, and with no fixed terms of repayment. During the year ended April 30, 2021, the Company settled $10,170 through the issuance of shares (Note 10).

v) $11,228 (2020 - $Nil) to a director of the Company, which is unsecured, non-interest bearing, with no fixed terms of repayment, and is included in accounts payable and accrued liabilities.

During the year ended April 30, 2021, the Company settled outstanding amounts of $125,000 owed to a director with the issuance of 500,000 equity units (Note 10).

10. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value.

b) Common shares issued

For the year ended April 30, 2021

i) On August 31, 2020, the Company issued 376,000 common shares pursuant to the exercise of warrants for proceeds of $56,400, and reallocated $17,326 from reserves to share capital.

ii) On December 30, 2020, the Company issued 3,000,000 common shares valued at $450,000 pursuant to the acquisition of Salu Design Group (Note 3).

iii) On December 30, 2020, the Company entered into a number of settlement agreements with creditors and debt holders to convert $1,000,000 of debt into 4,000,000 equity units, each unit consisting of one common share and one warrant entitling the holder to subscribe for one additional common share for $0.50 for a period of 2 years. The relative fair value of the share purchase warrants issued was $428,920 and was calculated using the Black- Scholes option pricing model assuming an expected life of 2 years, volatility of 154% based on historical 2 years trends, risk free rate of 0.20%, and no expected dividends or forfeitures.

iv) On December 30, 2020, the Company issued 4,000,000 units at $0.25 per unit for proceeds of $1,000,000 of which $22,000 remains outstanding as of April 30, 2021. Each unit consisting of one common share and one warrant. Two warrants entitle the holder to subscribe for one additional common share at $0.50 for a period of one year, subject to the right of the Company to accelerate expiry if the common shares trade at or above $0.60 for a period of 10 days. The relative fair value of the share purchase warrants issued was $391,650 and was calculated using the Black-Scholes option pricing model assuming an expected life of 1 year, volatility of 149% based on historical 1 year trends, risk free rate of 0.20%, and no expected dividends or forfeitures. As part of the private placement, the Company paid issuance costs of $19,213 and issued 68,250 finder's warrants with a fair value of $8,300 calculated using the Black-Scholes option pricing model. Each finder's warrant entitles the finder to purchase one common shares at $0.50 for a period of 1 year.

v) On January 14, 2021, the Company issued 997,000 common shares pursuant to the exercise of warrants for proceeds of $149,550 and reallocated $45,940 from reserves to share capital.

vi) On January 25, 2021, the Company issued 4,000,000 units at $0.75 per unit for proceeds of $3,000,000, of which $135,000 remains outstanding as of April 30, 2021. Each unit consisting of one common share and one warrant. Each unit is comprised of one common share and one share purchase warrant, with each warrant having an exercise price of $1.00 and an expiration date of 18 months, subject to the Company's option to accelerate expiry if its shares trade at $1.25 or more for 10 consecutive trading days. The relative fair value of the share purchase warrants issued was $1,248,600 and was calculated using the Black-Scholes option pricing model assuming an expected life of 1.50 years, volatility of 169% based on historical 1.50 year trends, risk free rate of 0.17%, and no expected dividends or forfeitures. As part of the private placement, the Company paid issuance costs of $51,580 and issued 45,600 finder's warrants with a fair value of $28,800 calculated using the Black-Scholes option pricing model. Each finder's warrant entitles the holder to subscribe for one additional common share for $1.00 for a period of six months.

vii) On February 5, 2021, the Company issued 1,227,000 common shares pursuant to the exercise of warrants for proceeds of $184,050, and reallocated $56,539 from reserves to share capital. As of April 30, 2021, and as at the date of approval of these consolidated financial statements, $15,000 of proceeds remain receivable.

(Expressed in Canadian Dollars)

10. Share capital (continued)

viii) On February 23, 2021, the Company issued 200,000 common shares pursuant to the exercise of options for proceeds of $50,000, and accordingly, reallocated $43,323 from reserves to share capital.

ix) On February 24, 2021, the Company issued 80,645 common shares valued at $105,000, being the fair value of services rendered, in consideration of marketing services.

x) On April 23, 2021, the Company issued 100,000 common shares pursuant to the exercise of warrants for proceeds of $50,000.

For the year ended April 30, 2020

i) On February 18, 2020, the Company issued 3,000,000 units at $0.11 per unit for proceeds of $330,000. Each unit consisted of one common share and one transferable warrant exercisable at $0.15 per share until February 18, 2021 and at $0.20 per share until February 18, 2022. The relative fair value of the share purchase warrants issued was $138,236 and was calculated using the Black-Scholes option pricing model assuming an expected life of 2 years, volatility of 152%, risk free rate of 1.47%, and no expected dividends or forfeitures. As part of the private placement, the paid issuance costs of $1,350 and issued 135,000 finder's warrants with a fair value of $4,886. Each finder's warrant is exercisable at $0.35 per share expiring on August 18, 2020 and was calculated using the Black-Scholes option pricing model.

ii) In January 2020, the Company consolidated its issued and outstanding shares on a 1-for-10 basis. All share amounts have been retroactively restated for all periods presented.

c) Shares to be issued

During the year ended April 30, 2021, the Company entered into a service agreement whereby fees would be settled with the issuance of common shares of the Company. As at April 30, 2021 the shares were not issued. The fair value of the shares to be issued are based on the fair value of the services rendered.

d) Reserves

Reserves comprise the cumulative value of share-based payments where the options have not been exercised and the value of the Company's outstanding and expired warrants.

The following table summarizes the continuity of the Company's reserves:

	Share-based payments reserve	Warrants reserve	Total reserves
Balance, April 30, 2019	$ 2,812,641	$ 82,300	$ 2,894,941
Private placement	-	138,236	138,236
Finder's warrants	-	4,886	4,886
Balance, April 30, 2020	2,812,641	225,422	3,038,063
Private placements – warrants portion	-	1,640,250	1,640,250
Finder's warrants	-	37,100	37,100
Acquisition of Salu – performance warrants	-	524,790	524,790
Shares for debt – warrants portion	-	428,920	428,920
Exercise of warrants	-	(119,805)	(119,805)
Grant of stock options	482,000	-	482,000
Exercise of stock options	(43,323)	-	(43,323)
Balance, April 30, 2021	$ 3,251,318	$ 2,736,677	$ 5,987,995

(Expressed in Canadian Dollars)

11. Stock options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of ten years and cannot be assigned or transferred.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options		Weighted average exercise price
Balance, April 30, 2019 and 2020	-	$	-
Issued	2,550,000		0.36
Exercised[(1)]	(200,000)		0.25
Balance, April 30, 2021	2,350,000	$	0.37

[(1)] The weighted average trading price on the exercise date was $1.19.

The weighted average of fair value of options granted during the year ended April 30, 2021 was $0.19 (2020 - $Nil).

i) On December 31, 2020, the Company granted an aggregate of 1,300,000 stock options to directors and officers of the Company at an exercise price of $0.25 per share, exercisable for a period of 2 years. The options vested immediately. The estimated fair value of these options at the grant date was $236,200 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.29; expected volatility of 154% based on historical 2 year trends; risk-free interest rate of 0.20%; and an expected average life of 2 years. During the year ended April 30, 2021, $236,200 was expensed.

ii) On January 11, 2021, the Company granted an aggregate of 900,000 stock options to consultants of the Company at an exercise price of $0.40 per share, exercisable for a period of 0.72 years. The options vested immediately. The estimated fair value of these options at the grant date was $101,300 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black- Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.35; expected volatility of 111% based on historical 0.72 year trends; risk-free interest rate of 0.10%; and an expected average life of 0.72 years. During the year ended April 30, 2021, $101,300 was expensed.

iii) On January 14, 2021, the Company granted an aggregate of 350,000 stock options to consultants of the Company at an exercise price of $0.70 per share, exercisable for a period of 1 year. The options vested immediately. The estimated fair value of these options at the grant date was $144,500 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black- Scholes option pricing model are as follows: expected dividend yield of 0%; share price of $0.67; expected volatility of 172% based on historical 1.00 year trends; risk-free interest rate of 0.16%; and an expected average life of 1 year. During the year ended April 30, 2021, $144,500 was expensed.

As at April 30, 2021, the following stock options were outstanding:

Expiry date	Exercise price	Remaining contractual Life (years)	Number of options outstanding	Exercisable
September 30, 2021	$0.40	0.42	900,000	900,000
January 14, 2022	$0.70	0.71	350,000	350,000
December 31, 2022	$0.25	1.67	1,100,000	1,100,000
		1.05	2,350,000	2,350,000

(Expressed in Canadian Dollars)

12. Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price	
Balance, April 30, 2019	-	$	-
Issued	3,135,000		0.16
Balance, April 30, 2020	3,135,000		0.16
Issued (Note 3 and 10 (b))	19,113,850		0.37
Exercised[1]	(2,700,000)		0.16
Expired/cancelled	(135,000)		0.35
Balance, April 30, 2021	19,413,850	$	0.37

[1]The weighted average trading price on the exercise date was $0.82.

As at April 30, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Grant date fair value ($)	Exercise price	Expiry date	Remaining contract life (years)
45,600	$ 28,800	$ 1.00	July 25, 2021	0.24
4,000,000	391,650	0.25	December 30, 2021 (1)	0.67
68,250	8,300	0.50	December 30, 2021	0.67
400,000	18,431	0.20	February 14, 2022 (2)	0.81
4,000,000	1,248,600	1.00	July 25, 2022 (3)	1.24
2,000,000	349,860	-	December 15, 2022 (4)	1.63
3,900,000	428,920	0.50	December 30, 2022	1.67
5,000,000	174,930	-	December 15, 2023 (4)	2.63
19,413,850	$ 2,649,491	0.37		1.59

1) Each two warrants entitles the holder to subscribe for one additional share at $0.50 per share for a period of one year from the date of closing provided however that if the closing price of the common shares is at a price equal to or greater than $0.60 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants to expire on the date that is 30 days after the issuance of the news release.

2) Exercisable into one common share at $0.15 until February 18, 2021 and thereafter at $0.20 until February 18, 2022.

3) Each warrant having an exercise price of $1.00 and an expiration date of 18 months from the date of issuance, subject to the Company's option to accelerate expiry if its shares trade at $1.25 or more for 10 consecutive trading days.

4) See Note 3 - Salu Design Group Inc. Acquisition.

13. Capital Management

The Company's policy is to maintain a strong capital base as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its projects and to sustain future development of the business. The capital structure of the Company consists of shareholders' equity of $2,306,776 (2020 - deficit of $1,821,536). There are no external restrictions on the Company's capital. There were no changes in the Company's approach to capital management during the year.

14. Financial instruments and risk management

Fair value

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - Fair value measurements are derived from quoted prices in active markets or identical assets or liabilities;

Level 2 - Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's accounts payable and accrued liabilities, notes payable, due to related parties and loans payable approximate their carrying value, due to their short-term maturities. The Company's cash and marketable securities are measured at fair value in accordance with level 1 of the fair value hierarchy.

Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's management team approves and monitors the risk management processes, with guidance from the Audit Committee under policies approved by the Board of Directors. 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 majority of cash is maintained at a major financial institution with reputable credit and therefore management believes credit risk to be minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 13. Historically, the Company's sources of funding have been the issuance of debt and equity securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, notes payable, due to related parties, and loans payable. As at April 30, 2021, the Company had a cash balance of $3,367,229 (2020 - $137,750) to settle current liabilities of $1,465,483 (2020 - $2,141,403).

14. Financial instruments and risk management (continued)

Risks (continued)

b) Liquidity risk (continued)

The following is an analysis of the contractual maturities of the Company financial liabilities as at April 30, 2021:

		Within one year		Between one and five years
Accounts payable and accrued liabilities	$	409,343	$	-
Notes payable		117,000		40,000
Due to related parties		775,853		-
Loans payable		163,287		-
	$	1,465,483	$	40,000

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

Interest rate risk consists of two components; to the extent that payments are made or received on the Company's monetary assets or liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that the prevailing market interest rates differ from the interest rate on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As of April 30, 2021, the Company had notes payable of $117,000 and an amount due to a related party of $657,061 that bear interest at fixed rates. Management considers this risk to be immaterial.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At April 30, 2021 and 2020, the Company's major purchases are transacted in Canadian dollars.

The Company has cash and accounts payable and accrued liabilities denominated in US dollars (USD). The carrying value of these items may change due to fluctuations in foreign exchange rates. As at April 30, 2021, cash includes USD 39,892 (2020 - USD 11,796) and accounts payable and accrued liabilities includes USD 90,718 (2020 - USD 35,054). Management estimates that the effect of a 10% change in the US dollar against the Canadian dollar would impact net profit or loss by approximately $5,000 (2020 - $2,000).

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There is price risk associated with the Company's marketable securities. A 10% change in the market price of the Company's marketable securities would have a $12,000 impact on net profit or loss.

(Expressed in Canadian Dollars)

15. Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	Year ended April 30, 2021	Year ended April 30, 2020
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	$ (763,000)	$ (58,187)
Tax effect of:		
Impact of different provincial tax rates	63,000	-
Permanent differences and other	446,000	(905)
Share issuance costs	(29,000)	-
Acquisition of Salu	(155,000)	-
Change in unrecognized deferred income tax assets	438,000	59,092
Income tax provision	$ -	$ -

The significant components of deferred income tax assets and liabilities are as follows:

	Year ended April 30, 2021	Year ended April 30, 2020
Deferred income tax assets (liabilities)		
Non-capital losses carried forward	$ 2,243,000	$ 1,913,282
Marketable securities	(17,000)	4,410
Share issuance costs	24,000	292
Property and equipment	4,000	-
SR&ED pools	56,000	-
Resource pools	1,354,000	1,308,234
Total deferred income tax assets	$ 3,664,000	3,226,218
Unrecognized deferred income tax assets	(3,664,000)	(3,226,218)
Net deferred income tax assets	$ -	$ -

(Expressed in Canadian Dollars)

15. Income taxes (continued)

As at April 30, 2021, the Company has non-capital losses carried forward of $8,417,000, which are available to offset future years' taxable income. These losses expire as follows:

2026	$	95,000
2027		159,000
2028		241,000
2029		133,000
2030		211,000
2031		945,000
2032		1,167,000
2033		995,000
2034		804,000
2035		954,000
2036		928,000
2037		106,000
2038		228,000
2039		245,000
2040		279,000
2041		927,000
	$	8,417,000

16. Segmented reporting

The Company operates in a single reportable segment being the research and development of wearable technologies in Canada.

17. Subsequent events

Subsequent to April 30, 2021, the Company:

i) issued 210,000 common shares pursuant to the exercise of warrants for gross proceeds of $105,000. The weighted average share price on the date of exercise was $0.74.

ii) granted 100,000 options with an exercise price of $0.80 per share, expiring on July 15, 2022.

iii) granted 100,000 options with an exercise price of $0.80 per share, expiring on July 5, 2023.

iv) granted 200,000 options with an exercise price of $0.80 per share, expiring on July 15, 2023.

v) signed a three-year lease agreement to lease an office in Edmonton for its subsidiary.

17. Subsequent events (continued)

vi) entered into a letter of intent (“Transaction”) to acquire an interest in a digital mental health provider, Tech2Health.

The two primary commercial components of the Transaction are:

- the Company and Tech2Health will participate jointly, on a 70:30 basis, in a subsidiary. This subsidiary will own 100% of the North American rights (USA, Canada, and Mexico) to the exclusive commercial use of all products, brands, and trademarks owned by Tech2Health, in perpetuity (the “Strategic Alliance”). The Company will issue 1,500,000 restricted common shares (subject to a minimum 12-month voluntary restriction) from its treasury to Tech2Health regarding this Strategic Alliance.

- the Company will acquire a stake in Tech2Health’s global operations by way of an investment into Tech2Health, in return for 22.22% of Tech2Health’s common share equity (the “Acquisition”). The Company will make payments totaling €2,000,000 over an 18-month period in regard to the Transaction. The funds advanced to Tech2Health by the Company will be used to further Tech2Health’s technologies and market penetration strategies as per a pre-agreed upon use of proceeds plan. The Company will hold a permanent seat on the Board of Directors of Tech2Health.

Subsequent to year end the Company advanced a €55,000 loan to Tech2Health as payment towards the Acquisition. The loan bears interest at 5% per annum and is due at the closing date of a Definitive Agreement or earlier as outlined by the loan agreement dated July 26, 2021.