Condensed Consolidated Financial Statements

HPIL Holding

For the periods ended September 30, 2021 and 2020

(Expressed in US dollars)

HPIL Holding

Condensed Consolidated Financial Statements

For the quarterly periods ended September 30, 2021 and 2020

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HPIL Holding

CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in US dollars)

	September 30, 2021 $	December 31, 2020 $
ASSETS		
Current assets		
Cash and cash equivalents	—	—
Due from related parties *[Note 5]*	331,939	—
Due from shareholder *[Note 5]*	244,854	—
Total current assets	576,793	—
Non-current assets		
Property and equipment	48,152	—
Security deposits	69,177	—
Advances	110,406	—
Total assets	804,528	—
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities		
Bank overdraft	418,189	—
Accounts payables and accrued liabilities	130,818	—
Promissory note payable *[Note 6]*	651,710	—
Convertible notes payables *[Note 7]*	338,012	566,566
Total current liabilities	1,538,729	566,566
Stockholders' deficiency		
Common stock, $0.0001 par value, 60,000,000,000 shares authorized as at September 30, 2021: 200,000,000,000 shares authorised as at December 31, 2020		
Common stock, 14,218,343,622 common shares outstanding as at September 30, 2021, and 7,505,908,628 common shares outstanding as at December 31, 2020 *[Note 8]*	1,421,834	750,591
Additional paid-in capital	949,460	933,812
Other comprehensive loss	2,192	—
Accumulated deficit	(3,107,687)	(2,250,969)
Total stockholders' deficiency	(734,201)	(566,566)
Total liabilities and stockholders' deficiency	804,528	—

See accompanying notes

Going concern *[Note 3]*

Contingencies and commitments *[Note 9]*

Related party transactions and balnces*[Note 10]*

Subsequent events *[Note 12]*

HPIL Holding

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in US dollars)

	For the three months ended September 30, 2021	For the nine months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2020
	$	$	$	$
EXPENSES				
Legal and professional fees *[Note 7]*	119,050	284,724	—	—
Consulting fees	52,230	52,230	—	—
Salary and wages	46,787	79,359	9,394	27,937
Interest expense and penalties *[Notes 6 and 7]*	59,316	416,208	—	—
Purchase of computer software	(207)	7,936	—	—
Rent and lease expense	36,506	48,721	—	—
Advertising and promotion	(615)	23,968	—	—
Office and general	47,080	47,674	—	—
Depreciation	215	215	—	—
Accretion expenses *[Note 7]*	—	2,608	—	—
Total operating expenses	360,361	963,642	9,394	27,937
Net loss from operations	(360,361)	(963,642)	(9,394)	(9,394)
Net loss from operations before income taxes	(360,361)	(963,642)	(9,394)	(9,394)
Other income				
Foreign exchange loss	(76,925)	(76,925)	—	—
Income taxes	—	—	—	—
Net loss for the period	(283,437)	(886,718)	(9,394)	(9,394)
Translation adjustment	(3,066)	(2,192)	—	—
Comprehensive loss	(280,371)	(884,526)	(9,394)	(9,394)
Loss per share, basic and diluted	(0.0000)	(0.0001)	(0)	(0)
Weighted average number of common shares outstanding	11,010,342,672	7,442,051,493	4,265,484,988	4,265,484,988

See accompanying notes

HPIL Holding

STATEMENTS OF STOCKHOLDERS' DEFICIENCY

(Expressed in US dollars)

	Common stock		Additional paid-in capital	Other Comprehensive Loss	Accumulated deficit	Total shareholder's equity (deficiency)
	Shares	Amount				
		$	$	$	$	$
December 31, 2020	**7,505,908,628**	**750,591**	**933,812**	—	**(2,250,969)**	**(566,566)**
Shares issued during the period *[Note 8]*	7,012,434,994	701,243	—	—	—	701,243
Shares cancelled during the year *[Note 8]*	(300,000,000)	(30,000)	—	—	30,000	—
Beneficial conversion feature	—	—	15,648	—	—	15,648
Translation adjustment	—	—	—	2,192	—	2,192
Net loss	—	—	—	—	(886,718)	(886,718)
September 30, 2021	**14,218,343,622**	**1,421,834**	**949,460**	**2,192**	**(3,107,687)**	**(734,201)**

	Common stock		Additional paid-in capital	Other Comprehensive Loss	Accumulated deficit	Total shareholder's equity (deficiency)
	Shares	Amount				
		$	$	$	$	$
December 31, 2019	**4,265,484,988**	**426,549**	**933,812**	—	**(2,066,563)**	(706,202)
Shares issued during the period	3,240,423,640	324,042	—	—	—	324,042
Translation adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	(184,406)	(184,406)
December 31, 2020	**7,505,908,628**	**750,591**	**933,812**	—	**(2,250,969)**	**(566,566)**

See accompanying notes

HPIL Holding

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in US dollars)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(886,718)	27,937
Items not affecting cash		
Depreciaton	215	—
Interest and penalties	365,514	—
Accretion expenses	2,608	—
Profeesional fees	120,000	—
Change in advances	(110,406)	—
Change in accounts payable and accrued liabilities	130,818	—
Net cash used in operating activities	(377,969)	27,937
INVESTING ACTIVITIES		
Security Deposits	(69,177)	—
Purchase of property, plant and equipment	(48,152)	—
Net cash used in investing activities	(117,328)	—
FINANCING ACTIVITIES		
Proceeds from issuance of promissory note payable	651,710	—
Due from related parties	(576,793)	—
Net cash provided by financing activities	74,917	—
Net decrease in cash during the period	(420,380)	27,937
Effect of translation adjustment	2,192	—
Cash, beginning of period	—	—
Cash / Bank overdraft, end of period	(418,189)	27,937

See accompanying notes

1. NATURE OF OPERATIONS

HPIL Holding ("HPIL" or the "Company") is a worldwide diversified company developing projects with cutting edge technology. The Company is mainly involved in the business of producing a revolutionary batteryless power train that will make charging optional and NFT procurement and auctioning. HPIL has entered into world of artificial intelligence and is in the process of completion of building a unique multi-gaming global platform for gamers i.e. "ZIPPA".

The Company was originally incorporated under the laws of Nevada on May 5, 2009. On March 22, 2019, the Company renounced its state of incorporation in Nevada, and was incorporated in the State of Wyoming.

On April 21, 2021, the name of the Company was changed from HPIL Holding to Cybernetic Technologies Ltd. However, effective from August 2021, the name of Company was changed to HPIL Holding.

The Company operates under the web-site address www.hpilholding.ca.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2020 and 2019 and their accompanying notes.

The accompanying unaudited condensed consolidated financial statements are expressed in United States dollars ("USD"). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. Operating results for the interim periods presented herein are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. The Company's fiscal year-end is December 31.

The Company's unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

- Apogee Dynamics Ltd.
- World Gaming Group Ltd.
- NFT Procurement Ltd.
- Medusa Artificial Intelligence Ltd.

There were no transactions relating to subsidiaries during the periods ended September 30, 2021 and 2020.

There are no intercompany accounts and transactions for elimination. The Company's unaudited condensed consolidated financial statements were approved by the Company's Board of Directors on February 8, 2022.

3. GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. As disclosed in the condensed consolidated balance sheet, the Company has accumulated losses at each reporting period. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. The Company is in the process of launching meta data analytics, tournament platforms for gaming and live auction of 3 NFTs. These activities will result into raising of additional funds required to meet future liabilities and expenses. The Company believes it can satisfy minimum cash requirements for the next twelve months with an equity financing or if needed, loans from shareholders.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance and accruals. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Loss Per Share

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at each period end.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash and accounts payable. The Company's cash, which is carried at fair value, is classified as a Level 1 financial instrument. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of loss and comprehensive loss.

The results and financial position of an entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated as the rate on the dates of the transactions).

Effect of translation differences are accumulated and presented as a component of equity under accumulated other comprehensive (loss) income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Instruments

The Company accounts for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40.

The Company accounts for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Income Taxes

Under ASC 740, “Income Taxes,” deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized. As of period end, there were no deferred taxes due to the uncertainty of the realization of net operating loss or carry forward prior to expiration.

Operating Leases

The Company leases office space under operating lease agreements on month-to-month basis. The lease term begins on the date of initial possession of the leased property for purposes of recognizing lease expense on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

Recently Issued Accounting Pronouncements

The Company qualifies as an “emerging growth company” (EGC) under the 2012 JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As an emerging growth company, management can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The management has elected to take advantage of the benefits of this extended transition period.

In August 2018, the FASB issued ASU 2018-13, “Changes to Disclosure Requirements for Fair Value Measurements”, which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 (for “emerging growth company” beginning after December 15, 2020). The Company has adopted this standard effective from January 1, 2021 and the adoption of this standard did not have any significant impact on the unaudited condensed consolidated interim financial statements.

5. DUE FROM RELATED PARTIES AND SHAREHOLDER

These advances are from Crank Media, HPIL and shareholder of the Company. The amount is non-interest bearing, unsecured and due on demand. The carrying value of the advances approximates the market value due to the short-term maturity of the financial instruments.

6. PROMISSORY NOTE PAYABLE

In September 2021, the Company issued a secured promissory note to a third party in connection with an advance $ 650,000. The promissory note carries interest at 12% per annum with the maturity date being 12 months from the date of issuance.

During the quarter ended September 30, 2021 and 2020, interest accrued relating to above promissory notes amounting to $1,710 and $Nil were recorded in the statements of operations under interest and other charges with corresponding credit to promissory notes.

As at September 30, 2021, the remaining outstanding balance of promissory notes (including interest) was $651,710.

7. CONVERTIBLE NOTES PAYABLE

The details of the convertible notes are as follows:

Activity relating to issuances of convertible notes during the quarter ended September 30, 2021

There was no issuance of convertible notes during the quarter ended September 30, 2021.

Activity relating to issuances of convertible notes during the quarter ended June 30, 2021

During the Q2 ended June 30, 2021, the Company issued three convertible notes to certain debtors of the Company amounting to $120,000 in consideration of the past services. The Company recorded $120,000 in the statements of operations as professional fees with a corresponding credit to convertible notes. These convertible notes carried interest rate of 10%, with a maturity date of one year from the date of issuance. These notes were convertible into common shares at a fixed conversion price.

The Company evaluated the terms of these convertible notes in the light of requirements of ASC Topic 470 and 815 and concluded that these convertible notes meet fixed to fixed criteria due to fix conversion price. The Company fair valued the debt component at $104,648 using a discount rate of 25% (representing peer industry rate using these instruments without conversion feature), and accordingly reduced $15,648 from the debt with corresponding credit to additional paid in capital under equity.

During the Q2 ended June 30, 2021, interest accrued (including accretion and other penalty charges) relating to these convertible notes issued during 2021 amounting to $4,438 were recorded in the statement of operation under interest and other charges with corresponding credit to convertible notes.

During the Q3 ended September 30, 2021, interest accrued (including accretion and other penalty charges) relating to these convertible notes issued during 2021 amounting to $6,937 were recorded in the statement of operation under interest and other charges with corresponding credit to convertible notes.

As at September 30, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was $114,062.

7. CONVERTIBLE NOTES PAYABLE (continued)

Activity relating to issuances of convertible notes during the quarter ended March 31, 2021

There was no issuance of convertible notes during the quarter ended March 31, 2021.

Activity relating to issuances of convertible notes during the year ended December 31, 2020

There was no issuance of convertible notes during the year ended December 31, 2020.

Activity relating to issuances of convertible notes during the year ended December 31, 2019

During the year ended December 31, 2019, the Company issued three convertible notes to certain debtors of the Company amounting to $73,000 in consideration of the past services. The Company recorded $73,000 in the statements of operations as professional fees with a corresponding credit to convertible notes. These convertible notes carried interest rates ranging from 5% to 24% (including default rate) and were with a maturity date of one year from the date of issuance. These notes were convertible into common shares at a variable conversion price.

The Company evaluated the terms of these convertible notes in the light of requirements of ASC Topic 815 and concluded that these convertible notes contain embedded derivatives due to the variability of the conversion price. The Company fair valued the embedded derivatives amounting to $273,574 (as further explained in Note 6 – Derivative Liabilities) on the issuance dates of the above convertible notes. The fair value of embedded derivates at the inception was reduced from the convertible notes, and accordingly recorded $200,574 as day-one derivative loss with corresponding credit to derivative liabilities. These derivative liabilities were remeasured at year ended December 31, 2019, and the related fair value change was recorded in the statements of operations amounting to $171,986 for the year ended December 31, 2019.

During the year ended December 31, 2019, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $6,235 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

The above-mentioned derivative liabilities were remeasured at year ended December 31, 2020, and the related fair value change was recorded in the statements of operations amounting to $101,588.

During the year ended December 31, 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $8,123 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the quarter ended March 31, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $2,180 and $1,875 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the quarter ended June 30, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $1,321 and $1,857 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the quarter ended September 30, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $Nil and $1,857 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

7. CONVERTIBLE NOTES PAYABLE (continued)

Activity relating to issuances of convertible notes during the year ended December 31, 2019

As at September 30, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was $Nil.

Activity relating to issuances of convertible notes prior to December 31, 2018

As at December 31, 2018, the total amount of convertible notes outstanding including accrued interest and other charges amounting to $503,781. These convertible notes were issued during previous years with a maturity date of one year from the date of issuance, carried interest rates ranging from 5% to 24% (including default rate). The maturity of the aforementioned notes expired during fiscal 2018. These notes were convertible into common shares at a variable conversion price, and were at default as at December 31, 2018.

During the year ended December 31, 2019, interest accrued (including other penalty charges) relating to convertible notes issued prior to December 31, 2018, amounting to $50,270 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2019, these convertible notes issued prior to December 31, 2018 amounting to $27,490 were converted into common stock of the Company, and accordingly, the Company issued 1,669,668,900 of common shares.

During the year ended December 31, 2019, the Company issued 710,000,000 common shares to previous debtors in connection with certain settlement agreements. These common shares were fair valued based on the market price on the date of issuance, and accordingly recognized $168,300 in the statements of operations as stock-based compensation with corresponding credit to equity.

During the year ended December 31, 2020, interest accrued (including other penalty charges) relating to convertible notes issued prior to December 31, 2018, amounting to $41,241 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2020, the convertible notes issued prior to December 31, 2018 amounting to $130,046 were converted into common stock of the Company, and accordingly, the Company issued 3,240,423,640 of common shares.

During the quarter ended March 31, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $9,755 and $7,410 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the quarter ended June 30, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2018 amounting to $4,955 and $7,410 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the quarter ended September 30, 2021 and 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2018 amounting to $2,694 and $7,492 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

As at September 30, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was $223,950

8. STOCKHOLDERS' DEFICIENCY

Authorized stock

Common stock

On May 24, 2021, the Company through a board resolution decreased the authorized capital to 60,000,000,000 shares of common stock with a par value of $0.0001. Prior to the amendment, the authorized capital was 200,000,000,000 shares of common stock with a par value of $ 0.0001.

Issued and Outstanding stock

As at September 30, 2021, the Company has 14,218,343,622 common shares outstanding (As at December 31, 2020: 7,505,908,628 common shares outstanding).

During the period ended September 30, 2021, the Company issued 1,750,110,904 number of common shares in connection with the conversion of convertible notes as detailed in Note 5.

During the period ended June 30, 2021, the Company issued 5,012,324,090 number of common shares in connection with the conversion of convertible notes as detailed in Note 5.

During the period ended June 30, 2021, the Company cancelled 300,000,000 shares issued to a consultant in prior years.

During the period ended March 31, 2021, the Company issued 250,000,000 number of common shares in connection with the conversion of convertible notes as detailed in Note 5.

During the year ended December 31, 2020, the Company issued 3,240,423,640 number of common shares in connection with the conversion of convertible notes as detailed in Note 5.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

As at September 30, 2021, there are no pending lawsuits that could have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

Commitments

The Company has a month-to-month arrangement of $ 4,066 per month in connection with the use of leased premises of the office building.

10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's transactions with related parties were carried out on normal commercial terms and in the course of the Company's business.

Other than those disclosed elsewhere in the condensed consolidated financial statements, the related party transactions and balances are as follows:

The Company expenses $ 48,721 towards rent (month to month basis) for usage of office space leased by a related company.
Also, during the period ended September 30, 2021, the Company incurred $ 79,359 (September 30, 2020 – NIL) in connection with the remuneration of the Chief Executive Officer.

(Expressed in US dollars)

11. INCOME TAXES

Income taxes

The Tax Cuts and Jobs Act (the "Act") enacted on December 22, 2017 reduces the US federal corporate tax rate from 35% to 21% and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of period end, the Company has not completed the accounting for the tax effects of enactment of the Act; however, as described below, it has made a reasonable estimate of the effects on existing deferred tax balances. These amounts are provisional and subject to change.

The provision for income taxes is calculated at US corporate tax rate of approximately 21% (2020: 21%) as follows:

	Nine month ended September 30, 2021 $	Nine month ended September 30, 2020 $
Net income before income taxes	(886,718)	—
US tax rate	21%	—
Expected income tax recovery from net loss	(186,211)	—
Tax effect of expenses not deductible for income tax		
Change in valuation allowance	186,211	—
	—	—

Deferred tax assets

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company had net operating loss carry forwards of approximately $11,270,617(2020: $ NIL) that may be offset against future taxable income from the year by 2040. No tax benefit has been reported in the consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. The Company is taxed in the United States at the Federal level.

12. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to February 8, 2022, the date the unaudited condensed consolidated financial statements were issued, pursuant to the requirements of ASC Topic 855 and has determined following significant event to report:

Subsequent to period ended September 30, 2021, the Company has issued 1,550,000,000 common shares until February 8, 2022 to various parties in connection with the services provided by them.