FIRST RESPONDER TECHNOLOGIES INC.

Financial Statements
For the nine months ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

Under National Instrument 51-102 “Continuous Disclosure Requirements”, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim financial statements, they must be accompanied by a notice indicating that the unaudited interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		March 31, 2020		June 30, 2019
Assets				
Current				
Cash	$	2,603,045	$	1,216,210
Prepaid expenses and deposits		645,034		163,792
Receivables		154,856		28,277
Subscriptions receivable		-		31,000
		3,402,935		1,439,279
Deferred financing costs		-		22,500
Equipment (note 4)		76,580		-
Intangible assets (note 5)		2,106,566		1,451,060
		2,183,146		1,473,560
	$	5,586,081	$	2,912,839
Liabilities and Shareholders' Equity				
Liabilities				
Current				
Accounts payable and accrued liabilities	$	337,510	$	308,873
Obligation to issue shares (note 5)		-		316,220
		337,510		625,093
Shareholders' Equity				
Common shares (note 6)		10,487,343		1,675,400
Common share subscriptions		-		1,179,163
Reserves		647,746		-
Deficit		(5,886,518)		(566,817)
		5,248,571		2,287,746
	$	5,586,081	$	2,912,839

Approved on behalf of the Board:

"Kal Malhi" (signed)	*"Robert Delamar" (signed)*
Director	Director

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

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2020	**2019**	**2020**	**2019**
Operating expenses				
Accounting and audit fees	$ 11,750	$ -	$ 56,830	$ 10,000
Advertising and promotions	336,530	54,000	778,457	54,000
Advisory fees	69,734	8,000	165,456	8,000
Amortization and depreciation (notes 4 and 5)	311,830	-	461,050	-
Investor relations	350,136	-	524,206	-
Legal fees	193,142	11,102	345,919	35,479
Management fees (note 8)	108,000	51,999	329,000	167,997
Office and general expenses	26,655	241	46,341	633
Patents and licensing expenses	-	503,521	16,762	504,471
Professional fees	160,669	16,720	193,012	16,720
Rent	9,000	2,000	25,000	2,000
Research and development (note 7)	215,598	48,212	1,000,672	48,212
Share based compensation	582,493	-	647,746	-
Transfer agent and filing fees	32,820	-	47,989	-
Travel	62,899	-	181,422	-
	(2,471,256)	(695,795)	(4,819,862)	(847,512)
Other items				
Impairment of intangible asset	(487,172)	-	(487,172)	-
Foreign exchange loss	(9,731)	-	(12,667)	-
Net loss and comprehensive loss for the period	$ (2,968,159)	$ (695,795)	$ (5,319,701)	$ (847,512)
Basic and diluted loss per share	$ (0.05)	$ (0.05)	$ (0.12)	$ (0.08)
Weighted average number of common shares outstanding	56,905,075	14,231,267	45,245,513	11,041,341

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

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares					
	Number Outstanding	**Amount $**	**Subscriptions $**	**Reserves $**	**Deficit $**	**Total Equity $**
Balance, June 30, 2018	100	100	447,750	-	(45,866)	401,984
Shares issued - private placements, net of share issuance costs (note 6)	9,810,000	467,425	-	-	-	467,425
Shares cancelled	(205,000)	(10,250)	-	-	-	(10,250)
Shares issued for licensing agreement (notes 5 and 6)	10,000,000	500,000	-	-	-	500,000
Common share subscriptions	-	-	467,011	-	-	467,011
Net loss for the period	-	-	-	-	(847,512)	(847,512)
Balance, March 31, 2019	19,605,100	957,275	914,761	-	(893,378)	978,658
Balance, June 30, 2019	34,277,600	1,675,400	1,179,163	-	(566,817)	2,287,746
Shares issued - initial public offering, net of share issue costs (note 6)	13,974,186	4,472,891	-	-	-	4,472,891
Shares issued for licensing agreement (notes 5 and 6)	6,952,322	1,911,889	-	-	-	1,911,889
Shares issued - private placements (note 6)	6,977,610	2,442,163	(1,179,163)	-	-	1,263,000
Shares cancelled	(300,000)	(15,000)	-	-	-	(15,000)
Share-based compensation	-	-	-	647,746	-	647,746
Net loss for the period	-	-	-	-	(5,319,701)	(5,319,701)
Balance, March 31, 2020	61,881,718	10,487,343	-	647,746	(5,886,518)	5,248,571

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

FIRST RESPONDER TECHNOLOGIES INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Nine months ended March 31,		
		2020		**2019**
Operating activities				
Net loss for the period	$	(5,319,701)	$	(847,512)
Items not affecting cash:				
Patents and licensing expenses		-		500,000
Amortization and depreciation		461,050		-
Foreign exchange loss		12,667		-
Share based compensation		647,746		-
Impairment of intangible asset		487,172		-
Change in working capital balances:				
Receivables		(126,579)		(16,707)
Prepaid expenses and deposits		(481,242)		(7,000)
Accounts payable and accrued liabilities		971		136,194
Cash used in operating activities		(4,317,916)		(235,025)
Investing activities				
Equipment		(84,640)		-
Cash used in investing activities		(84,640)		-
Financing activities				
Common shares issued, net of share issue costs		6,915,054		457,175
Common share subscriptions		(1,148,163)		467,011
Deferred financing costs		22,500		-
Cash provided by financing activities		5,789,391		924,186
Inflow (outflow) of cash		1,386,835		689,161
Cash, beginning of period		1,216,210		440,565
Cash, end of period	$	2,603,045	$	1,129,726

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

1. NATURE OF OPERATIONS AND GOING CONCERN

First Responder Technologies Inc. (the "Company") was incorporated under the *BC Business Corporations Act* on January 27, 2017. The Company is a technology development company that commercializes academic and internally developed intellectual property for the purpose of developing new products for use in the public safety market.

The principal business of the Company is the development of detection products and services based on WiFi-based detection technology first developed at, and licensed from Rutgers, The State University of New Jersey that can be used to detect dangerous concealed weapons.

The Company's registered and records office address is 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7. Its principal place of business is 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company has no current operating income. As at March 31, 2020, the Company has a deficit of $5,886,518 (June 30, 2019 – $566,817) and for the nine months then ended incurred a net loss of $5,319,701 (2019 – $847,512). Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

At the time these condensed interim financial statements were prepared the COVID-19 pandemic has caused significant disruptions to the global economy and increased volatility in the global financial markets. The extent to which COVID-19 may adversely impact the Company's business and financing opportunities will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these condensed interim financial statements, there may be further significantly adverse impact on the Company's financial position and results of operations for future periods if the pandemic is not successfully contained or the effects of which are not mitigated.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended June 30, 2019.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Basis of presentation

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

(c) Approval of the financial statements

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on May 15, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

The Company utilizes the straight-line method of depreciation. The amortization rates applicable to each category of equipment are as follows:

Exhibit equipment	straight-line basis	3 years
Computer equipment	straight-line basis	2 years
Research & development equipment	straight-line basis	2 years

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment.

The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statements of loss and comprehensive loss.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Critical accounting estimates and assumptions made by management include, but are not limited to, the following:

Recoverability of asset carrying values
Determining the amount of impairment of intangible assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period.

Useful lives of intangible assets
Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Significant areas requiring the use of management's judgments include:

Going concern
The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Treatment of development costs
Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. As at March 31, 2020, the Company has not capitalized any development costs.

Treatment of deferred financing costs
Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

Treatment of acquired intangible assets
Consideration paid in the acquisition of intangible assets is capitalized to the extent that the definition of an intangible asset and the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the intangible asset be identifiable, the Company must have control over it, and it must provide future economic benefits. Management considers these factors in aggregate and applies significant judgment to determine whether the intangible asset should be recognized in the statements of financial position.

(Expressed in Canadian Dollars)

Recoverability of intangible assets

The Company assesses at each reporting date if intangibles assets have indicators of impairment. In determining whether intangible assets are impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence, and future plans.

4. EQUIPMENT

		Exhibit Equipment		Computer Equipment		Research & Development Equipment		Total
Cost								
Balance, June 30, 2019	$	-	$	-	$	-	$	-
Additions		59,337		23,520		1,783		84,640
Balance, March 31, 2020	$	59,337	$	23,520	$	1,783	$	84,640
Accumulated Amortization								
Balance, June 30, 2019	$	-	$	-	$	-	$	-
Amortization		4,080		3,840		140		8,060
Balance, March 31, 2020	$	4,080	$	3,840	$	140	$	8,060
Carrying Amounts								
March 31, 2020	$	55,257	$	19,680	$	1,643	$	76,580
June 30, 2019	$	-	$	-	$	-	$	-

5. INTANGIBLE ASSETS

(a) The National Cancer Institute and the National Institutes of Health ("NIH")

On February 18, 2019, the Company entered into a license assignment agreement with Bullrun Capital Inc. (the "NIH License Assignment Agreement"), pursuant to which Bullrun Capital Inc. assigned to the Company all rights, titles and interests contemplated in the NIH License Agreement. As a result, the Company, through the NIH License Assignment Agreement, holds the nonexclusive worldwide rights for the new pepper spray formulation technology.

During the nine months ended March 31, 2020, the Company made the strategic decision to stop further development of its new pepper spray formulation technology. The license associated with the NIH License Assignment Agreement is in the process of being terminated. The Company may in the future develop its own unique pepper spray formulation. As a result, the Company determined that the carrying amount of the NIH License Assignment Agreement exceeded its recoverable amount. As at March 31, 2020, the Company recognized an impairment loss of $487,712.

(b) Rutgers, The State University of New Jersey, The Research Foundation for the State of University of New York, acting for and on behalf of Binghamton University, and the Trustees of Indiana University (collectively "Rutgers" or the "Licensors")

(Expressed in Canadian Dollars)

On June 28, 2019, the Company entered into a license assignment agreement with Bullrun Capital Inc. (the "Rutgers License Assignment Agreement"), pursuant to which Bullrun Capital Inc. assigned to the Company all rights, titles and interests contemplated in the Rutgers License Agreement. As a result, the Company, through the Rutgers License Assignment Agreement, holds the exclusive global rights for the new WiFi technology.

		NIH License Assignment Agreement		Rutgers License Assignment Agreement		Total
Cost						
Balance, June 30, 2019	$	608,972	$	882,688	$	1,491,660
Additions		-		1,595,668[1]		1,595,668
Impairment		(608,972)		-		(608,972)
Balance, March 31, 2020	$	-	$	2,478,356	$	2,478,356
Accumulated Amortization						
Balance, June 30, 2019	$	40,600	$	-	$	40,600
Amortization		81,200		371,790		452,990
Impairment		(121,800)		-		(121,800)
Balance, March 31, 2020	$	-	$	371,790	$	371,790
Cost						
Balance, June 30, 2018	$	-	$	-	$	-
Additions		608,972		882,688		1,491,660
Balance, June 30, 2019	$	608,972	$	882,688	$	1,491,660
Accumulated Amortization						
Balance, June 30, 2018	$	-	$	-	$	-
Amortization		40,600		-		40,600
Balance, June 30, 2019	$	40,600	$	-	$	40,600
Carrying Amounts						
March 31, 2020	$	-	$	2,106,566	$	2,106,566
June 30, 2019	$	568,372	$	882,688	$	1,451,060

(1) As disclosed in note 6, upon completion of the Company's initial public offering ("IPO") and pursuant to the terms of the Rutgers License Assignment Agreement, the Company issued 6,952,322 common shares to Rutgers with a fair value of $1,911,889 on February 6, 2020. As at June 30, 2019, the Company determined that completion of the IPO was likely and recorded an amount of $316,220 in obligation to issue shares. As a result, during the nine months ended March 31, 2020, the Company recorded an addition of $1,595,668 to the cost of the Rutgers License Assignment Agreement.

6. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

Nine months ended March 31, 2019
On July 5, 2018, the Company completed the first tranche of a non-brokered private placement financing (the "July 2018 Private Placement") raising aggregate gross proceeds of $460,250 through the issuance of 9,205,000 common shares at $0.05 per share.

On July 24, 2018, the Company completed the second tranche of the July 2018 Private Placement raising aggregate gross proceeds of $30,250 through the issuance of 605,000 common shares at $0.05 per share. Associated with the July 2018 Private Placement, the Company incurred share issue costs of $23,075.

On January 31, 2019, the Company repurchased 205,000 common shares at $0.05 per share for a total value of $10,250.

On February 20, 2019, the Company issued 10,000,000 common shares with a fair value of $500,000 to Bullrun Capital as consideration as per terms of the NIH License Assignment Agreement (note 5).

Nine months ended March 31, 2020
On July 25, 2019, the Company repurchased 300,000 common shares at $0.05 per share for a total value of $15,000.

On August 9, 2019, the Company completed a non-brokered private placement of 6,977,610 units at a price of $0.35 per unit for gross proceeds of $2,442,163. Each unit consists of one common share and one half common share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.50 per common share for a full warrant for two years from the date of issue.

On January 14, 2020 (the "Completion Date") the Company completed its IPO with the Canadian Securities Exchange ("CSE") of 13,974,186 units ("Unit") issued at a price of $0.35 per Unit. The IPO generated aggregate gross proceeds of $4,890,965.

Each Unit is comprised of one common share of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant"). Each Warrant is exercisable into one Common Share at a price of $0.50 per Common Share for a period of twenty-four months from the Completion Date.

Pursuant to an agency agreement between the Company and PI Financial Corp. (the "Agent"), the Agent received a cash commission of $391,277, was paid a corporate finance fee of $25,000, was reimbursed $1,797 for expenses, and was granted 1,117,934 non-transferable agent Warrants to purchase Common Shares at a price of $0.50 per Common Share, exercisable for a period of 24 months from the Completion Date.

On February 6, 2020, the Company issued 6,952,322 common shares with a fair value of $1,911,889 to Rutgers as per terms of the Rutgers License Assignment Agreement (note 5).

(Expressed in Canadian Dollars)

(c) Common share purchase warrants

As at March 31, 2020 and June 30, 2019, the Company had the following warrants outstanding:

	March 31, 2020			June 30, 2019		
Expiry date	**Number of warrants**	**Exercise Price**	**Remaining life (years)**	**Number of warrants**	**Exercise price**	**Remaining life (years)**
August 9, 2021	3,488,802	$0.50	1.36	-	-	-
January 14, 2022	6,987,093	$0.50	1.79	-	-	-
January 14, 2022	1,117,934[(1)]	$0.50	1.79	-	-	-
	11,593,829	**$0.50**	**1.66[(2)]**	**-**	**-**	**-**

[(1)] Agent warrants;
[(2)] Weighted average.

Warrant activity was as follows:

	Number of warrants	Exercise price
Balance at June 30, 2018 and 2019	**-**	**-**
Issued	11,593,829	$0.50
Balance at March 31, 2020	**11,593,829**	**$0.50**

(d) Stock options

On July 11, 2019, the Company implemented an Incentive Stock Option Plan (the "Plan"). Pursuant to the Plan, the Company will grant stock options to directors, officers, employees and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 5 years. The exercise price and vesting terms of the options granted under the Plan will be determined by the Board of Directors.

As at March 31, 2020 and June 30, 2019, the Company had the following options outstanding:

	March 31, 2020			June 30, 2019		
Expiry date	**Number of options**	**Exercise Price**	**Remaining life (years)**	**Number of options**	**Exercise price**	**Remaining life (years)**
January 15, 2022	30,000	$0.50	1.79	-	-	-
January 15, 2023	1,000,000	$0.15	2.79	-	-	-
January 15, 2023	620,000	$0.35	2.79	-	-	-
January 15, 2023	540,000	$0.40	2.79	-	-	-
January 15, 2023	300,000	$0.50	2.79	-	-	-
January 20, 2023	252,234	$0.40	2.81	-	-	-
July 25, 2024	3,000,000	$0.05	4.32	-	-	-
January 15, 2025	200,000	$0.50	4.80	-	-	-
	5,942,234	**$0.185[(1)]**	**3.63[(1)]**	**-**	**-**	**-**

[(1)] Weighted average.

(Expressed in Canadian Dollars)

Option activity was as follows:

	Number of options	Weighted Average Exercise price
Balance at June 30, 2019 and 2018	**-**	**-**
Issued	5,942,234	$0.185
Balance at March 31, 2020	**5,924,234**	**$0.185**

The Company used the Black-Scholes option pricing model to determine the fair value of the options granted for the nine months ended March 31, 2020. The following weighted average assumptions were used:

	2019
Risk-free interest rate	1.43% ~1.58%
Expected dividend yield	0.00%
Expected stock price volatility	100%
Expected option life in years	2.00 ~ 5.00
Forfeiture rate	0.00%

During the nine months ended March 31, 2020, the Company recorded $647,746 (2019 – $nil) in relation to the vesting of the stock options.

7. RESEARCH AND DEVELOPMENT

Details of research and development expenses during the nine months ended March 31, 2020 and 2019 are as follows:

	Nine months ended March 31,	
	2020	**2019**
WiFi-based weapons detection - third party research and development	$ 759,015	$ 43,082
WiFi-based weapons detection – in-house research and development	205,033	-
Pepper spray formulation - third party research and development	28,624	-
Pepper spray formulation - in-house research and development	8,000	-
Other	-	5,130
	$ 1,000,672	$ 48,212

8. RELATED PARTY TRANSACTIONS

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the nine months ended March 31, 2020, the Company incurred management and director fees of $206,000 (2019 – $65,997) to the Company's key management personnel.

During the nine months ended March 31, 2020, the Company incurred research and development costs of $185,114 (2019 – $nil) to the Company's key management personnel.

During the nine months ended March 31, 2020, the Company incurred management and director fees of $139,500 (2019 – $102,000) and audit fees of $nil (2019 – $2,500) to companies owned directly or indirectly by key management personnel of the Company.

As at March 31, 2020, accounts payable and accrued liabilities includes $53,975 (June 30, 2019 – $3,500) payable to key management personnel and companies owned directly or indirectly by key management personnel.

Amounts due to related parties included in accounts payable and accrued liabilities are unsecured, non-interest-bearing and are without fixed terms of repayment.

9. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk.

As at March 31, 2020, the Company had a cash balance of $2,603,045 (June 30, 2019 – $1,216,210) available to apply against short-term business requirements and current liabilities of $337,510 (June 30, 2019 – $625,093). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2020.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

10. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

11. SEGMENTED INFORMATION

The Company has one operating segment, technology development. All assets of the Company are located in Canada.