TINKERINE STUDIOS LTD.

Condensed Consolidated Interim Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

TINKERINE STUDIOS LTD.

NOTICE TO READER

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

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditors.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)
September 30, 2021
(Expressed in Canadian Dollars)

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash and cash equivalents		$ 46,447	$ -
Receivables	4	17,995	70,012
Inventory	5	83,813	113,128
Prepaids and deposits		23,579	13,456
Total current assets		171,834	196,596
Property and equipment	7	2,199	-
Right-of-use asset	14	55,840	91,738
TOTAL ASSETS		$ 229,873	$ 288,334
LIABILITIES			
Current			
Bank Indebtedness			52,471
Trade payables and accrued liabilities	8,9	$ 510,945	$ 347,598
Short-term loan	9	90,000	90,000
CEBA loan - short term	10	20,000	20,000
Lease liabilities - current portion	14	46,712	46,712
		667,657	556,781
Non-Current			
Canadian Emergency Business Loan	17	25,864	23,916
Lease liabilities	14	14,569	49,603
Promissory notes	16	555,105	487,130
TOTAL LIABILITIES		1,263,196	1,117,430
EQUITY			
Share capital	11	4,383,548	4,372,295
Reserve	11	378,930	348,126
Deficit		(5,795,801)	(5,549,517)
		(1,033,323)	(829,096)
TOTAL LIABILITIES AND EQUITY		$ 229,873	$ 288,334

Nature and continuance of operations (Note 1)
Commitment (Note 13)

Approved on behalf of the Directors:

" Chris Lee"

"Eugene Suyu"

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
September 30, 2021
(Expressed in Canadian Dollars)

	Notes	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
REVENUE	12	$ 288,726	$ 86,819	$ 422,630	$ 282,560
COST OF SALES					
Cost of Goods Sold		112,065	41,807	162,266	146,631
		176,662	45,012	260,365	135,929
Production training and start-up		-	-	-	-
GROSS PROFIT		176,662	45,012	260,365	135,929
EXPENSES					
Amortization	7,14	12,019	11,966	35,951	35,898
Bank and credit card charges		2,269	2,098	5,439	7,930
Foreign exchange (gain)		12,129	1,494	13,754	2,414
Insurance		6,758	5,925	18,823	16,690
Interest and accretion expense	14,16	32,409	4,494	83,660	11,344
Office and general		1,300	2,545	9,730	13,681
Product promotion, trade shows and travel		110	6,759	1,111	11,048
Professional and consulting fees		10,813	29,145	54,677	116,339
Rent and utilities		1,411	1,892	4,259	4,868
Research and development		7,879	1,713	10,094	1,837
Remuneration and benefits	15	78,863	52,934	198,964	154,867
Stock-based compensation	11	(0)	29,722	84,321	82,603
Shareholder communications, filing & transfer agency		10,518	10,745	33,755	36,295
		176,477	161,432	554,537	495,814
NET PROFIT (LOSS)		184	(116,420)	$ (294,173)	$ (359,885)
NET AND COMPREHENSIVE PROFIT (LOSS)		$ 184	$ (116,420)	$ (294,173)	$ (359,885)
NET PROFIT(LOSS) PER COMMON SHARE- BASIC & DILUTED		$ 0.00	$ (0.00)	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		49,651,397	49,238,349	49,651,397	49,238,349

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
September 30, 2021
(Expressed in Canadian Dollars)

		Share capital				
	Notes	Number of shares	Amount	Reserve	Deficit	Total
Balance at December 31, 2019		49,238,349	$ 4,329,369	$ 98,288	$ (5,016,149)	$ (588,492)
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation				274,827		274,827
Share options exercised during the year		362,500	48,430	(21,242)		27,188
Share issuance cost			(5,504)			(5,504)
Cancellation of Stock Options	11		-	(3,747)	3,747	-
Net and comprehensive loss		-	-	-	(537,115)	(537,115)
Balance at December 31, 2020		49,600,849	4,372,295	348,126	(5,549,517)	(829,096)
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation				84,321		84,321
Share options exercised during the year		75,000	11,253	(5,628)		5,625
Cancellation of stock options	11			(47,889)	47,889	-
Net and comprehensive loss					(294,173)	(294,173)
Balance at September 30, 2021		49,675,849 -	4,383,548	378,930	(5,795,801)	(1,033,323)
						-

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
September 30, 2021
(Expressed in Canadian Dollars)

	For the nine months ended Sept 30, 2021	Sept 30 2020
Cash Flow from Operating Activities		
Net loss for the period	$ (294,173)	$ (359,885)
Items not involving cash		
Amortization	35,951	35,898
Accretion	69,924	-
Stock-based compensation	84,321	82,603
	190,196	118,501
Changes in non-cash working capital items		
Receivables	52,017	275
Inventory	29,315	13,073
Prepaids and deposits	(10,123)	(13,564)
Trade payables and accrued liabilities	163,347	83,318
	-	-
	234,556	83,102
Net cash provided by (used in) operating activities	130,579	(158,282)
Cash Flows from Investing Activities		
Purchase of property and equipment	(2,252)	
Net cash used in investing activities	(2,252)	-
Cash Flow from Financing Activities		
Repayment of lease liability	(35,035)	(35,035)
Proceeds from short term loan	-	90,000
Proceeds from Government Grant	-	40,000
Net proceeds from share issuances	5,626	27,188
Net cash provided by financing activities	(29,409)	122,153
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	98,918	(36,129)
CASH AND CASH EQUIVALENTS - BEGINNING	(52,471)	9,070
CASH AND CASH EQUIVALENTS - ENDING	$ 46,447	$ (27,059)

Supplemental cash flow information
September 30, 2021
The Company reallocated $5,627 from reserve to share capital upon exercise of stock options (Note 11)
The Company reallocated $47,889 from reserve to deficit upon cancellation of stock options (Note 11)
September 30, 2020
The Company reallocated $21,604 from reserve to deficit upon exercise of stock options (Note 10)
The Company reallocated $2976 from reserve to deficit upon cancellation of stock options (Note 10)
The Company received an unsecured loan of $90,000 from five of its employees and $40,000 government grant (note16)
The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and continuance of operations

Tinkerine Studios Ltd. (formerly White Bear Resources Inc.) (the "Company") was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company was previously listed on the TSX Venture Exchange ("TSX-V") under the trading symbol WBR. The Company's main activity was the acquisition, exploration and evaluation of resource properties.

In April 2014, White Bear Resources Inc. ("White Bear") completed a share exchange with Tinkerine Studio Ltd. ("Tinkerine"), a private company incorporated on May 8, 2012 under the laws of British Columbia, Canada, resulting in a reverse take-over ("RTO"). Immediately following the RTO, White Bear changed its name to Tinkerine Studios Ltd. and Tinkerine changed its name Tinkerine 3D Print Systems Ltd. For purposes of these consolidated financial statements, the "Company" is defined as the consolidated entity. Also in April 2014, the Company commenced trading on the TSX-V under its current trading symbol TTD.

The Company's primary business is the design and distribution of 3D printers, software and related online educational content.

The Company's registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 213A-8725 92nd Street, Delta British Columbia, Canada, V4G 0A4.

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 for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company's ability to continue as a going concern.

Based on the Company's operating history and its relationship with its stakeholders, Management expects that it will require additional equity to have sufficient capital to fund operations for the next twelve months. Further discussion of liquidity risk has been disclosed in Note 17. These 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 operations as a going concern.

2. Basis of Presentation and Significant Accounting Policies

The financial statements were authorized for issue on November 29, 2021 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements of the Company, including comparatives, are unaudited and have been prepared in accordance with International Accounting Reporting Standards ("IFRS") and ("IAS") 34, "Interim Financial Reporting" using accounting policies and methods of computation consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of Presentation and Significant Accounting Policies (Cont'd)

These condensed consolidated interim financial statements include all necessary information and disclosures required for interim financial statements but do not include disclosures required for a full annual financial report. These statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

The consolidated financial statements include the accounts of White Bear from April 4, 2014, the date of the share exchange. The financial statements prior to this date include only the accounts of Tinkerine. Inter-company transactions and balances are eliminated upon consolidation.

Revenue recognition

The Company adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") on a retroactive basis in accordance with the transitional provisions. IFRS 15 will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with the customer which is the invoice and the company does not transfer ownership to the customer until the goods are shipped

2. Identify the performance obligations in the contract – there are no separate performance obligations, other than the 1 year warranty, which is not distinct from the sale.

3. Determine the transaction price – the contract price is pre-determined and therefore amount of revenue can be measured definitively.

4. Allocate the transaction price to the performance obligations in the contract – the Company allocates the entire transaction price to the sales of the printer which is the primary performance obligation.

(Expressed in Canadian dollars)

2 Basis of Presentation and Significant Accounting Policies (Cont'd)

Revenue (Cont'd)

5. Recognize revenue when the entity satisfies a performance obligation – revenue is recognized when printers are shipped to customers and ownership is transferred thus completing the primary and only obligation

The Company has concluded that there are no significant differences between the point of risks and rewards transfer and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures

Government grants

The Company is entitled to government assistance in the form of grants. These are applied against related expenses of the cost of the asset acquired. Grants are subject to compliance with terms and conditions of the related agreements

3. Accounting Standards Issued but Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance

4. Receivables

	September 30, 2021	December 31, 2020
Trade receivables	$ 17,995	$ 13,252
Grant Receivables		$ 56,760
	$ 17,995	$ 70,012

Trade receivables relate to completed sales.

At September 30, 2021 and December 31, 2020 no accounts receivable is due beyond one year. The fair value of accounts receivable approximates their carrying value as at September 30 2021 and December 31, 2020 respectively.

Grant receivable was received in this quarter from the National Research Council, Government of Canada under the Innovation Assistance Program ("IAP") program (Note 14).

5. Inventory

	September 30, 2021	December 31, 2020
Raw materials	$ 71,657	$ 101,174
Finished goods	12,156	11,954
	$ 83,813	$ 113,128

(Expressed in Canadian dollars)

6. Trade Payables and Accrued Liabilities

	September 30, 2021	December 31, 2020
Trade payables (note 10)	$ 249,954	$ 176,812
Accrued liabilities	260,991	170,786
	$ 510,945	$ 347,598

7. Property and Equipment

Equipment is amortized on a straight-line basis over five years, computer hardware and software on a straight-line basis over 3 years and leasehold improvements on a straight-line basis over three years.

	Equipment	Computers	Leasehold improvements	Total
Cost:				
December 31, 2019,2020	$ 58,673	$ 6,094	$ 6,664	$ 71,431
Addition	856	1,396		2,252
September 30,2021	59,529	7,490	6,664	73,683
Amortization:				
December 31, 2019	$ 58,673	$ 6,094	$ 6,664	$ 71,431
Additions	-	-	-	-
December 31 2020	58,673	6,094	6,664	71,431
Additions	14	39	-	53
September 30 2021	58,687	6,133	6,664	71,484
Net book value:				
December 31, 2020	$ 0	$ -	$ -	$ 0
September 30, 2021	$ 842	$ 1,357	$ -	$ 2,199

8. Related party transactions

As at September 30, 2021, included in prepaid and deposits is $2,435 (December 31, 2020 - $2,435), which has been paid to a director of the Company

As at September 30, 2021, included in trade payables is $16,425 (December 31, 2020 - $13,923), which is due to related parties. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

As at September 30, 2021, included in accrued liabilities is $16,830 (2020 - $19,933), which is due to directors and officers of the Company. During the year ended December 31, 2020, promissory notes amounting to $302,234 (2019 - $ NIL) were issued to directors and officers (Note 16)

(Expressed in Canadian dollars)

8 Related party transactions (Cont'd)

The compensation of officers and directors for the nine months period was as follows:

	September 30 2021	September 30 2020
Remuneration, fees and short term benefits	118,750	98,930
Stock-based compensation	7,244	33,708
	$ 125,994	$ 132,638

9. Short Term Loans

During the year ended December 31, 2020, the Company received $90,000 short term loans from five individuals at an annual interest rate of 12% repayable as at April 28, 2021. The repayment date was subsequently extended. The total interest expense recognized for the period ended September 30, 2021 is $8,107.39.

10. CEBA Loan

The Company received the Canada Emergency Business Account ("CEBA") interest-free loan of $60,000 of which $10,000 is forgivable if repaid by December 31, 2022 and $20,000 is payable on demand. The loan was recorded at a fair value of $45,211 using an effective rate of 12%, considering the grant, the interest- free loan and the forgivable portion. As of September 30, 2021, accretion of $1,940 has been recognized in the statement of comprehensive loss and a balance of $25,864 is recorded as the long-term loan portion of CEBA Loan which matures on December 31, 2022

11 Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding at September 30, 2021: 49,675,849 shares.

Changes in issued share capital

For the nine month period ended September 30, 2021, the Company issued 75,000 shares on January 26th 2021 to an employee on the exercise of their stock options at $0.075 per share. The gross proceeds on the issuance of these common shares were $5,625 and $5,627 was reallocated from reserves to share capital.

During the first nine months of 2020 fiscal year, the Company issued 355,000 shares in Q2, and 7,500 shares in Q3 to employees whom had exercised their stock options at $0.075 per share.

Warrants

For the period ended September 30, 2021 and 2020 there are no warrants outstanding.

(Expressed in Canadian dollars)

11 Share Capital (Cont'd)

Stock options

During the first nine months of 2021 fiscal year there were no stock options issued. On October 19 1,130,000 stock options with an exercise price of $0.07 were granted to directors and officers of the Company.

The stock options transactions for the first nine months of 2020 were as follows:

On Mar 26th 2020, the Company granted 5,820,000 stock options with an exercise price of $0.125. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.73%, expected life of 5 years, volatility of 110% and no expected dividends. The fair value is expensed to stock-based compensation over the one year vesting period using the grading recognition system. For the first nine months of 2020, $82,603 was recognized as stock-based compensation based on this recognition system.

A continuity schedule of stock options as at September 30, 2021 is as follows:

Number of options	Exercise Price	Expiry date
725,000	$0.075	Sept 30, 2022
5,820,000	$0.125	Apr 24, 2025
150,000	$0.125	Apr 24, 2023

As at September 30, 2021, the following stock options were outstanding and exercisable

	Number of stock options
Balance December 31 2019	2,360,000
Granted	5,970,000
Exercised	(362,500)
Expired/cancelled	(50,000)
Balance December 31, 2020	7,917,500
Granted	-
Exercised	(75,000)
Cancelled	(1,147,500)
Balance September 30, 2021	6,695,000
Exercisable September 30, 2021	5,240,000

As at September 30, 2021 the weighted average exercise price is $0.12 with an average remaining term of 3.24 years

Reserves

The reserve records items recognized as stock-based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit

(Expressed in Canadian dollars)

For the nine months ended September 30, 2021, $84,321 (2020 - $274,827) was recognized as stock-based compensation based on this recognition system.

11 Share Capita (Cont'd)

Reserves (Con'td)

For the period ended September 30, 2021, 75,000 stock options were exercised at a price of $0.075, and the corresponding amount of $5,627 was reallocated from reserves to share capital.

For the period ended September 30, 2021, 1,147,500 (2020 – 2000) stock options expired, unexercised and were cancelled, and the corresponding amount of $47,889 (2019 – $ 887) was reallocated from reserves to deficit.

For the first nine months ended September 30, 2020 355,000 stock options were exercised on March 26, 2020 at a price of $0.075, and the corresponding amount of $21,389 was reallocated from reserves to deficit. 7,500 stock options were exercised on Aug 18th 2020, and the corresponding amount of $215 was reallocated from reserves to deficit.

For the first nine months ended September 30, 2020, 40,000 stock options expired, unexercised on May 23, 2020 and were cancelled, and the corresponding amount of $2,976 was reallocated from reserves to deficit.

12 **Segmented Information**

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment is as follows:

		Sept 30 2021		Sept 30 2020
Total Revenue				
Canada	$	108,320	$	246,649
United States		314,310		35,911
Other		-		-
	$	422,630	$	282,560

During the nine months ended September 30, 2021 sales to one customer was in excess of 10% of total revenue. During the previous nine months period ended September 30, 2020 there was one customer that generated in excess of 10% of the total revenue.

13 Commitments

Lease agreement

On January 1st, 2020, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2020. The annual basic lease payments was $58,286 for the 3 year term. In addition, the Company pays operating costs and a management fees equal to 5% of the annual basic rent.

Contingency

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties

(Expressed in Canadian dollars)

14 Right-of-Use Assets and Lease Liabilities

The Right-of-Use Assets and Lease Liabilities relates to the Company's operating lease ("Lease") for its office premise in Delta, British Columbia, Canada which it leases from a Director of the Company. The Lease effective date was December 1, 2016 and was for a 3-year term, ending on December 1, 2019. As at January 1st 2020 the Company exercised the option to extend the term of the lease for a further three years.

The Company recognized a right-of-use asset and corresponding liability for its office lease. Furthermore, the Company expects a decrease in administrative expenses, an increase in depreciation expense (as the right-of-use asset is depreciated) and an increase in finance interest costs (due to accretion of the lease liability).

Minimum lease payments at initial recognition	$	205,951
Effect of discounting at the incremental borrowing rate		(18,485)
Lease liabilities recognized as at January 1, 2019		187,466
Right-of-use asset recognized as at January 1, 2019		187,466

The following table presents the continuity of right-of-use assets and lease liabilities under IFRS 16 adoption effective September 30, 2021

Right-of-use assets		
Cost		
As at January 1, 2019, on adoption of IFRS 16	$	187,466
Additions		-
September 30,2021		187,466
Depreciation		
December 31, 2020		95,728
Addition		35,898
September 30,2021		131,626
Net Book Value		
As at December 31, 2020	$	91,738
September 30, 2021	$	55,840

(Expressed in Canadian dollars)

14 Right-of-Use Assets and Lease Liabilities (Cont'd)

Lease liabilities		
As at January 1, 2019, on adoption of IFRS 16	$	187,466
Lease payments made		(52,584)
Interest expenses on lease liabilities		8,145
As at December 31, 2019		143,027
Lease payments made		(52,583)
Interest expense on lease liabilities		5,871
As at December 31, 2020		96,315
Lease payments made		(39,438)
Interest expenses on lease liabilities		4,404
As at September 30, 2021		61,281
Less: Lease liabilities – Current		46,712
Lease liabilities – Non-current	$	14,569

The lease liabilities were discounted at a discount rate of 5% as at January 1, 2019

15 Salaries and Benefits

On April 17, 2020, the Government of Canada announced $250 million in funding for the IAP program to assist Canadian small and medium-sized enterprises. As a result of qualifying for the subsidy, the Company recognized $117,213 as a reduction of salaries and benefits, of which $56,760 was received in the period ended March 31, 2021. For the period ended September 30, 2021 the Company received $42,515 in grants as a reduction of salary and benefits.

Due to the COVID-19 pandemic, the Government of Canada enacted the Canada Emergency Wage Subsidy to cover a portion of employee wages for Canadian companies that experienced a decline in revenue during the pandemic as a result the Company received $20,887 (2020 - $23,080) of this subsidy as a reduction of salaries and benefits during the period ended September 30, 2021.

16 Promissory Notes

On December 5, 2020, the Company entered into an agreement with its employees to settle wages payable to them. The agreement resulted in the Company issuing unsecured promissory notes, with no interest or dividend, maturing no earlier than February 16, 2022. The total amount of promissory notes issued was $599,087. The promissory notes can be converted into common shares at 15% discounted rate of the market price on the date of the conversion. Any issuance of shares as a result of conversion is subject to prior TSX-V approval. The management determined that this conversion feature was not a derivative liability.

On issuance date of the promissory notes, the fair value of the liability was determined to be $482,325, resulting in a gain of $116,762, using a 20% discount rate. The continuity of the promissory notes is set out below.

(Expressed in Canadian dollars)

16 Promissory Notes (Cont'd)

Balance , December 31, 2019	$ -	
Face value of promissory notes		599,087
Gain on promissory notes		(116,762)
Fair Value of promissory notes		482,325
Accretion		4,805
As at December 31, 2020		487,130
Accretion - to September 30,2021		67,975
As at September 30, 2021	$	555,105

17 Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

18 Financial instruments and financial risk management

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2021 and at December 31, 2020, the Company measures its cash based on Level 1 inputs.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves, to ensure that it meets its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

18 Financial instruments and financial risk management

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 may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.

19 Subsequent Event

On October 19, 2021 1,130,000 stock options with an exercise price of $0.07 was granted to directors and officers of the Company