



VOLATUS AEROSPACE CORP.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2022

(unaudited)

These condensed consolidated interim financial statements are presented in Canadian Dollars unless otherwise noted.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Volatus Aerospace Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The financial statements have not been reviewed by the Company's auditors.

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

| In C\$ | Notes | June 30, 2022 | December 31, 2021 |
|--|-------|----------------------|----------------------|
| | | unaudited | |
| Assets | | | |
| Current | | | |
| Cash & cash equivalents | 4 | \$ 1,437,486 | \$ 8,806,836 |
| Trade and other receivables | 5 | 2,011,928 | 698,355 |
| Prepaid expenses, deposits, and other current assets | 5,8 | 1,510,529 | 801,135 |
| Inventory | 5 | 2,140,874 | 686,610 |
| Total current assets | | 7,100,816 | 10,992,937 |
| Property, plant and equipment | 6 | 5,557,755 | 4,050,846 |
| Intangible assets | 6 | 6,936,952 | 5,811,929 |
| Right-of-use asset | 17 | 1,073,925 | 1,229,921 |
| Goodwill | | 689,835 | 583,188 |
| Total non-current assets | | 14,258,466 | 11,675,884 |
| Total Assets | | \$ 21,359,283 | \$ 22,668,821 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 9 | \$ 3,485,310 | \$ 2,458,604 |
| Deferred revenue | | 15,923 | 432,096 |
| Current portion of lease liability | | 301,788 | 284,651 |
| Other short-term liabilities | 10 | 316,789 | 233,169 |
| Current portion of long-term borrowings | 10 | 217,352 | 202,136 |
| Contingent consideration | | 25,000 | 10,000 |
| Total current liabilities | | 4,362,162 | 3,620,656 |
| CEBA loan | 11 | 420,000 | 360,000 |
| Long-term borrowings | 11 | 3,007,825 | 2,349,926 |
| Lease Liability | | 917,924 | 1,078,196 |
| Total non-current liabilities | | 4,345,749 | 3,788,122 |
| Total Liabilities | | 8,707,911 | 7,408,778 |
| Shareholders' Equity | | | |
| Common equity | 14 | 9,260,370 | 9,110,305 |
| Warrants reserve | 14 | 4,053,191 | 4,053,191 |
| Share-based reserve | 14 | 1,032,331 | 459,152 |
| Preferred shares | 14 | 704,322 | 704,322 |
| Retained earnings | | (4,497,587) | (2,345,515) |
| Contributed Surplus | 14 | 2,989,819 | 2,989,819 |
| Non-controlling interest | 7 | (891,075) | 288,768 |
| Total Shareholders' Equity | | 12,651,372 | 15,260,042 |
| Total Liabilities & Shareholders' Equity | | \$ 21,359,283 | \$ 22,668,821 |

Refer Note 1 (Nature of Operations & Going Concern), Note 16 (Commitment)

Approved on behalf of the Board:

Glen Lynch _____ Director
Gordon Silverman _____ Director

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

Volatus Aerospace Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

| | Notes | Three months ended | | Six months ended | |
|---------------------------------------|-------|-----------------------|---------------------|-----------------------|---------------------|
| | | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Revenue | | \$ 6,629,593 | \$ 3,396,003 | \$ 11,437,421 | \$ 3,695,866 |
| Cost of goods sold | | 3,778,163 | 2,264,029 | 6,376,116 | 2,349,124 |
| Cost of Providing Services & Training | | 950,510 | 175,021 | 2,067,546 | 227,699 |
| GROSS PROFIT | | 1,900,920 | 956,952 | 2,993,759 | 1,119,043 |
| OPERATING EXPENSES | | | | | |
| Audit fees | | 10,015 | 20,000 | 10,015 | 32,000 |
| Advertising & marketing | | 591,365 | 77,979 | 1,050,400 | 97,766 |
| IT & tech | | 110,775 | 36,917 | 207,404 | 42,887 |
| Personnel | | 1,565,456 | 411,849 | 2,690,350 | 548,891 |
| Office cost | | 416,589 | 88,969 | 644,746 | 131,220 |
| Travel | | 54,456 | 10,686 | 134,829 | 17,250 |
| External partner cost | | 158,356 | 54,677 | 540,853 | 74,373 |
| Depreciation | 6,17 | 300,511 | 122,610 | 509,735 | 156,506 |
| Share based Payments | 14 | 290,103 | 136,980 | 573,179 | 136,980 |
| | | 3,497,626 | 960,668 | 6,361,512 | 1,237,873 |
| Loss from operations | | (1,596,706) | (3,716) | (3,367,753) | (118,830) |
| OTHER ITEMS - INCOME/(EXPENSE) | | | | | |
| Canada Emergency Wage Subsidy | | - | 61,178 | - | 61,178 |
| Unrealized gain on investments | | - | (742,277) | - | - |
| Finance cost | | (81,239) | (123,191) | (154,768) | (129,882) |
| Other income (expense) | | 31,576 | (29,409) | 185,543 | 1,644 |
| Loss on disposal of drones | | (1,011) | (2,128) | (1,011) | (37,409) |
| Foreign exchange translation | | 20,484 | (3,029) | 6,073 | (3,053) |
| Net and Comprehensive Loss | | \$ (1,626,896) | \$ (842,571) | \$ (3,331,915) | \$ (226,352) |
| Owners of Volatus Aerospace Corp. | | (366,012) | (822,399) | (2,152,072) | (179,654) |
| Non-controlling interest | 7 | (1,260,884) | (20,171) | (1,179,843) | (46,698) |
| | | (1,626,896) | (842,571) | (3,331,915) | (226,352) |
| Net Loss per share | | | | | |
| Basic | | (0.004) | (0.011) | (0.021) | (0.002) |
| Diluted | | (0.004) | (0.011) | (0.021) | (0.002) |
| Basic | | 102,075,878 | 76,923,334 | 102,075,878 | 76,923,334 |
| Diluted | | 102,075,878 | 77,807,949 | 102,075,878 | 77,807,949 |

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

Volatus Aerospace Corp.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

| | Number of shares * | Capital Stock | Preferred Shares | Warrants Reserve | Share-based Reserve | Contributed Surplus | Non-Controlling Interest | Retained Earnings | Total Shareholders Equity |
|---|--------------------|---------------|-------------------|---------------------|---------------------|---------------------|--------------------------|-------------------|---------------------------|
| Common Shares Balance, January 1, 2021 | 76,923,334 | \$ 200 | | \$ - | \$ - | \$ 2,989,819 | \$ 1,186,346 | \$ 435,641 | \$ 4,612,006 |
| Preference Shares Balance, January 1, 2021 | 704,322 | - | 704,322 | - | - | - | - | - | 704,322 |
| Warrant issued with convertible debentures | - | - | - | 1,472,015 | - | - | - | - | 1,472,015 |
| Issuance of Stock Options | - | - | - | - | 136,980 | - | - | - | 136,980 |
| Net loss for the year | - | - | - | - | - | - | (46,698) | (179,654) | (226,352) |
| Common Shares Balance, June 30, 2021 | 76,923,334 | \$ 200 | | \$ 1,472,015 | \$ 136,980 | \$ 2,989,819 | \$ 1,139,648 | \$ 255,987 | \$ 5,994,649 |
| Preference Shares Balance, June 30, 2021 | 704,322 | | \$ 704,322 | | | | | | \$ 704,322 |

| | Number of shares * | Capital Stock | Preferred Shares | Warrants Reserve | Share-based Reserve | Contributed Surplus | Non-Controlling Interest | Retained Earnings | Total Shareholders Equity |
|---|--------------------|---------------------|-------------------|---------------------|---------------------|---------------------|--------------------------|-----------------------|---------------------------|
| Common Shares Balance, January 1, 2022 | 101,835,722 | 9,110,305 | - | 4,053,191 | 459,152 | 2,989,819 | 288,768 | (2,345,515) | \$ 14,555,720 |
| Preference Shares Balance, January 1, 2022 | 704,322 | - | 704,322 | - | - | - | - | - | \$ 704,322 |
| Shares Issued on Acquisition | 349,399 | 145,001 | | | | | | | \$ 145,001 |
| Exercised Stock Options | 16,924 | 5,063 | | | | | | | \$ 5,063 |
| Issuance of Stock Options | | | | | 573,179 | | | | \$ 573,179 |
| Net loss for the Period | - | - | - | - | - | - | (1,179,843) | (2,152,072) | \$ (3,331,915) |
| Common Shares Balance, June 30, 2022 | 102,202,045 | \$ 9,260,370 | | \$ 4,053,191 | \$ 1,032,331 | \$ 2,989,819 | \$ (891,075) | \$ (4,497,587) | \$ 11,947,050 |
| Preference Shares Balance, June 30, 2022 | 704,322 | | \$ 704,322 | | | | | | \$ 704,322 |

* Number of shares is inclusive of the 1:100,000 share split (March 9, 2021) and the 1:3.846166667 share split (May 19, 2021), and has been applied retrospectively for the December 31, 2020 comparative figures.

Refer Note 14.

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

Volatus Aerospace Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

| | Six months ended | |
|--|--------------------|--------------------|
| | June 30, 2022 | June 30, 2021 |
| OPERATING ACTIVITIES | | |
| Net and Comprehensive Loss | (3,331,914) | (226,352) |
| Adjustments For: | | |
| Depreciation | 509,735 | 156,506 |
| Adjustment in the value of drones and accessories | - | 37,409 |
| Share based Payments | 578,243 | 136,980 |
| Foreign exchange translation | - | 865 |
| Finance Cost | - | 79,229 |
| | (2,243,936) | 184,637 |
| Net changes in non-cash working capital items: | | |
| Trade and other receivables | (1,019,806) | (311,166) |
| Prepaid expenses and deposits | (709,394) | (326,941) |
| Inventory | (1,454,264) | (102,805) |
| Trade payables and accrued liabilities | 632,134 | 654,6988 |
| Deferred revenue | (416,173) | (129,237) |
| Other short-term liabilities | (2,410) | (76,570) |
| Contingent Consideration | 15,000 | - |
| Cash (used in) Operating Activities | (5,198,848) | (107,383) |
| INVESTING ACTIVITIES | | |
| Additions to Property, Plant & Equipment | (1,437,384) | (138,977) |
| Additions to Intangible Assets | (133,142) | (23,465) |
| Business Combination, Net Cash | (944,582) | (1,603,876) |
| Cash provided by (used in) Investing Activities | (2,515,108) | (1,766,318) |
| FINANCING ACTIVITIES | | |
| Proceeds of Long-Term Loans | 331,744 | 1,691 |
| Short-Term Investments | - | (60,300) |
| Lease Payment | 12,862 | - |
| Net Proceeds from Convertible Debt | - | 3,896,035 |
| Cash provided by (used in) Financing Activities | 344,606 | 3,837,426 |
| Net change in cash | (7,369,350) | 1,963,725 |
| Cash and cash equivalents, beginning of the period | 8,806,836 | 189,973 |
| Cash and cash equivalents, end of the period | 1,437,486 | 2,153,698 |

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

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

1. Nature of Operations & Going Concern

Volatus Aerospace Corp. (the "Company") was incorporated on December 17, 1987 and has its registered office located at in 60 Airport Road, Oro Medonte, Ontario L0L 2E0, Canada.

Volatus and entities it controls are together referred to in these condensed interim consolidated financial statements as the "Company" or "VAC" or "Volatus". Refer to Note 7 for the Company's major subsidiaries.

The Company comprises four main business operations which are all operating under one business segment.

These 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.

Volatus is a leading provider of integrated drone solutions throughout Canada, the United States, Latin America and Europe. Operating a vast pilot network, Volatus serves commercial and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, and design, manufacturing, and R&D. Through its subsidiary Volatus Aviation (registered as Partner Jet Inc.), Volatus carries on the business of aircraft management, charter sales, and cargo services using piloted, remotely piloted, and autonomous aircraft.

2. Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2021. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements of the Company were approved by the Board of Directors on August 28, 2022.

3. Basis of Preparation

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit and loss or amortized cost. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed interim consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in these results from the date the control commences until the date control ceases.

All intra-company balances, and transactions are eliminated in preparing the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries (note 7).

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2022 and 2021

4. Cash & Cash Equivalents

Cash and cash equivalents comprise the following:

| (in C\$) | June 30, 2022 | December 31, 2021 |
|------------------------|---------------|-------------------|
| Cash | \$ 46,144 | \$ 37,821 |
| Bank | 1,366,259 | 8,746,829 |
| Paypal | 25,083 | 22,187 |
| Cash & Cash Equivalent | \$ 1,437,486 | \$ 8,806,836 |

5. Receivables, Other Assets, and Inventory

| (in C\$) | June 30, 2022 | December 31, 2021 |
|-------------------|---------------|-------------------|
| Trade Receivables | \$ 2,011,928 | \$ 698,355 |

Prepaid Expenses and Deposits

| (in C\$) | June 30, 2022 | December 31, 2021 |
|----------------------|---------------|-------------------|
| Prepaid Expenses | \$ 1,137,744 | \$ 607,678 |
| Security Deposit | 364,607 | 165,974 |
| Other current assets | 8,178 | 27,482 |
| Total | \$ 1,510,529 | \$ 801,135 |

Inventory

| (in C\$) | June 30, 2022 | December 31, 2021 |
|--|---------------------|---------------------|
| Inventory | \$ 2,140,874 | \$ 686,610 |
| Receivable & other current assets | \$ 5,663,331 | \$ 2,186,100 |

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2022 and 2021

6. Property, Plant & Equipment

| | Drones & Accessories | Camera & Accessories | Leasehold Improvements | Furniture & Fixtures | Computer & Equipment | Batteries | Health & Safety | Vehicle | Aircraft | Total Tangible Assets | Intangible Assets | Total |
|---|----------------------|----------------------|------------------------|----------------------|----------------------|---------------|-----------------|----------------|------------------|-----------------------|-------------------|-------------------|
| Cost | | | | | | | | | | | | |
| Balance, December 31, 2021 | 469,017 | 26,158 | 17,695 | 413,346 | 386,731 | 47,973 | 3,500 | 64,696 | 3,462,085 | 4,891,202 | 5,811,929 | 10,703,131 |
| Additions | 356,476 | - | 103,314 | 20,604 | 57,377 | 22,069 | - | 384,147 | 323,116 | 1,249,634 | 133,142 | 1,382,775 |
| Additions related to business combinations | 620,236 | - | 17,470 | 18,878 | 150,821 | - | - | 22,496 | - | 829,901 | 991,881 | 1,821,782 |
| Disposals/Retirements | (29,940) | - | - | (200) | (2,238) | (1,779) | - | (375) | - | (30,403) | - | (30,403) |
| Reclassifications & Transfers | (26,537) | - | - | - | 5,190 | 21,347 | - | - | - | - | - | - |
| Balance, June 30, 2022 | 1,415,152 | 26,158 | 121,009 | 452,828 | 600,120 | 91,389 | 3,500 | 471,339 | 3,785,201 | 6,966,697 | 6,936,952 | 13,903,649 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance, December 31, 2021 | 157,551 | 15,980 | 153 | 272,115 | 320,234 | 44,394 | 146 | 21,819 | 7,963 | 840,355 | - | 840,355 |
| Depreciation for the period | 85,821 | 3,328 | 3,540 | 14,092 | 21,868 | 14,864 | 219 | 27,285 | 156,359 | 327,376 | - | 327,376 |
| Accumulated depreciation related to business combinations | 191,183 | - | - | 6,876 | 47,192 | - | - | - | - | 245,251 | - | 245,251 |
| Disposals/Retirements | (25,811) | - | - | (200) | (2,238) | (1,779) | - | (375) | - | (30,403) | - | (30,403) |
| Reclassifications & Transfers | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance, June 30, 2022 | 430,515 | 19,308 | 3,693 | 293,083 | 389,294 | 59,258 | 365 | 49,104 | 164,322 | 1,408,942 | - | 1,408,942 |
| Net carrying Amount | | | | | | | | | | | | |
| December 31, 2021 | 311,466 | 10,179 | 17,542 | 141,231 | 66,497 | 3,579 | 3,354 | 42,877 | 3,454,122 | 4,050,847 | 5,811,929 | 9,862,776 |
| June 30, 22 | 984,637 | 6,850 | 117,316 | 159,745 | 210,826 | 32,130 | 3,135 | 422,235 | 3,620,879 | 5,557,755 | 6,936,952 | 12,494,707 |

During the period ended March 31, 2022, the Company acquired intangible assets as part of its acquisition of the assets of MVT Geo Solutions Inc. and RPV Aviation (refer to note 13).

During the period ended June 30, 2022, the Company acquired intangible assets as part of its acquisition of the assets of Canadian Air National Inc. (refer to note 13).

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

7. Subsidiaries

These condensed consolidated interim financial statements include entities controlled by the Company. Control exists when the Company has the ability to direct the relevant activities and the returns of an entity. The financial statements of these entities are included in these condensed interim consolidated financial statements from the date that control commences until the date that control ceases. Details of the Company's significant entities are as follows:

| Name of Subsidiary | Principal Activity | Country of Incorporation | Ownership Interest |
|---|-------------------------------|--------------------------|--------------------|
| Volatus Flight Systems Inc. | Fixed-wing Drone Technology | Canada | 70% |
| Volatus Aerospace USA Corp. | Drone Solutions Provider | USA | 90% |
| ConnexiCore LLC | Drone Solutions Provider | USA | 100% |
| Indigenous Aerospace Corp. | RPAS/UAV Service and Training | Canada | 49% |
| Volatus Aviation (Partner Jet Inc.) | Aircraft management | Canada | 100% |
| RPV Aviation Inc. | Regulatory Consulting | Canada | 100% |
| MVT Geo Solutions Inc. | RPAS/UAV Service | Canada | 100% |
| Canadian Air National Inc. | Pipeline Inspection Services | Canada | 100% |
| Volatus Unmanned Services Inc.¹ | | Canada | 71% |
| - UAViation Aerial Solutions Limited | RPAS/UAV Service | Canada | 100% |
| - SkyGate Videography Inc. | RPAS/UAV Service and Training | Canada | 100% |
| - M3 Drone Services Limited | RPAS/UAV Service | Canada | 100% |
| - M3 Drone Training Zone Inc. | RPAS/UAV Training | Canada | 100% |
| - Canadian UAV Solutions Inc. | RPAS/UAV Service | Canada | 100% |
| - OmniView Tech Corp. | Distribution & Service | Canada | 100% |

¹ - Volatus Unmanned Services is the infrastructure arm of Volatus Aerospace Corporation. All sales, services, and training related companies were acquired under Volatus Unmanned Services.

30% external shareholding of Volatus Flight Systems, 29% external shareholding of Volatus Unmanned Services, 10% external shareholding of Volatus Aerospace USA Corp (previously known as Tradeco One LLC), and 51% external shareholding of Indigenous Aerospace Corp. is attributable to Non-Controlling Interest in the condensed interim consolidated financial statements.

Volatus has entered into a joint venture agreement with Latin American company to control 75% of the business. The business will be called as Volatus LATAM and the JV company incorporation is pending approval.

8. Deposits

The Company has the following deposits towards training school, conference, lease, and legal consultant:

| (in C\$) | June 30, 2022 | December 31, 2021 |
|---------------------------------|---------------|-------------------|
| Deposit towards Training School | \$ 12,000 | \$ 12,000 |
| Deposit towards rental | 5,670 | 5,670 |
| Deposit towards trade show | 5,000 | 19,384 |
| Deposit towards Aircraft | 128,920 | 128,920 |

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2022 and 2021

| | | | | |
|----------------|----|---------|----|---------|
| Other deposits | | 213,000 | | - |
| Total | \$ | 364,607 | \$ | 165,974 |

9. Trade Payables and Accrued Liabilities

| (in C\$) | | June 30, 2022 | | December 31, 2021 |
|--------------------|-----------|------------------|-----------|-------------------|
| Accounts Payable | \$ | 1,930,339 | \$ | 1,563,078 |
| Audit fees Payable | | 10,000 | | 35,000 |
| Tax Payable | | (151,554) | | (226,419) |
| Payroll Liability | | 282,476 | | 236,806 |
| Other | | 1,414,048 | | 850,138 |
| Total | \$ | 3,485,310 | \$ | 2,458,604 |

10. Short-term Borrowings

Current Portion of long-term borrowings

| (in C\$) | | June 30, 2022 | | December 31, 2021 |
|-------------------|----|---------------|----|-------------------|
| BDC Loans | \$ | 57,109 | \$ | 45,384 |
| Vehicle Financing | | 10,344 | | 10,344 |
| Other Loans | | 15,140 | | 14,970 |
| Promissory Notes | | 134,759 | | 131,438 |
| Total | \$ | 217,352 | \$ | 202,136 |

Short-term borrowings consist of BDC, RBC, and other loans by group companies. These borrowings have been made for equipment financing and working capital purposes. BDC loans are comprised of four separate equipment financing loans. Two will be repaid in full by 2024 and two by 2026. Promissory notes consist of loan towards aircraft. See long-term portions below.

Other short-term liabilities

| (in C\$) | | June 30, 2022 | | December 31, 2021 |
|-------------------|----|---------------|----|-------------------|
| Shareholders Loan | \$ | 91,714 | \$ | 91,714 |
| Other Loans | | 65,455 | | 66,455 |
| Grant Advance | | 159,620 | | 75,000 |
| Total | \$ | 316,789 | \$ | 233,169 |

The shareholders' loan are interest-free and do not have any payment terms.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

11. Long-Term Borrowings

| (in C\$) | June 30, 2022 | December 31, 2021 |
|-------------------|---------------------|---------------------|
| BDC Loans | \$ 162,202 | \$ 149,488 |
| PEI Finance Loan | 10,420 | 14,756 |
| Vehicle Financing | 29,708 | 37,759 |
| CEBA Loan | 420,000 | 360,000 |
| SBA Loan | 49,225 | 48,430 |
| Promissory Notes | 2,031,273 | 2,099,493 |
| Desjardin Loans | 200,000 | - |
| Other Loans | 524,997 | - |
| Total | \$ 3,427,825 | \$ 2,709,926 |

The Company applied for and received \$420,000 in Canada Emergency Business Account (“CEBA”) loans which are interest-free loans meant to cover operating costs impacted by the Covid-19 pandemic outbreak. Individual loans were granted to separate wholly owned subsidiaries of the Company

Repayment of the loans on or before December 31, 2022, will result in a loan forgiveness of \$20,000 for each \$60,000 CEBA loan. On December 31, 2022, the Company will have the option to either repay the loans in total or extend repayments over 3 years with a 5% interest charge.

The Company was also approved for a Prince Edward Island business loan applied towards financing equipment purchase and working capital management due to be paid in full by 2026.

The Company has entered into a demand revolving credit facility of \$1,000,000 on June 2, 2022, which bears interest based on the bank’s prime rate plus 1.00%. As at June 30, 2022, the amount drawn under this facility was \$485,000, which was included in other loans.

12. Related Party Transactions

Key management personnel include those persons having 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 members of the Company's Board of Directors and corporate officers.

Trade payables and accrued liabilities:

On May 1, 2021, the Company entered into an independent Consultant Agreement with a company controlled by Abhinav Singhvi, CFO, to provide executive consulting services to the Company. The agreement was terminated on December 31, 2021, and the Company was indebted in the amount of \$5,085 that was repaid in January 2022.

On May 1, 2021, the Company entered into an independent Consultant Agreement with a company controlled by Rob Walker, COO, to provide executive consulting services to the Company. The agreement was terminated on December 31, 2021, and the Company was indebted in the amount of \$7,875 that was repaid in January 2022.

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2022 and 2021

On December 31, 2021, the Company indebted to Glen Lynch, CEO of the Company, for the sum of \$30,000 as part of a consulting contract that was entered into with Partner Jet Corp. in 2020. The outstanding amount was settled in January 2022.

Volatus Aviation is engaged in a pass-through transaction with Flight Solutions Services Inc., a company controlled by a director of the Company. Aircraft operating expenses are reimbursed at cost to the related party with no mark-up or margin.

The Company is indebted for a sum of \$2,471,350 towards a promissory note and accrued liabilities against the purchase of a Citation X aircraft currently operated by Partner Jet (Volatus Aviation). The promissory note bears an interest rate of five percent (5%) and will be repaid in consecutive monthly installments of \$20,000.00 on the first of each month commencing on December 1, 2021 and continuing for 48 months with the balance then owing under the note being paid at that time.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amount approximates fair market value.

Key management compensation

Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management for the three and six months ended June 30, 2022 and 2021 included:

| | Three months ended June 30 | | Six months ended June 30 | |
|----------------------|----------------------------|---------|--------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Salaries | 210,000 | 47,167 | 420,000 | 65,167 |
| Share-based Payments | 274,455 | 119,103 | 557,531 | 119,103 |
| | 484,455 | 166,270 | 977,531 | 184,270 |

The Company has an employment agreement with its CEO which provides that in the event the CEO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 18 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 18 months' salary, at \$350,000 per annum, is payable. If the termination had occurred on June 30, 2022, the amount payable under this agreement would be \$525,000.

The Company has an employment agreement with its CFO which provides that in the event the CFO's employment is terminated by the Company without cause, (i) a lump sum payment equal to 12 months' salary, or (ii) within 90 days of, a change in control, a termination payment equal to 12 months' salary, at \$180,000 per annum, is payable. If the termination had occurred on June 30, 2022, the amount payable under this agreement would be \$180,000.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

13. Business Combination

RPV Aviation Inc.

On January 31, 2022, Volatus acquired RPV Aviation Inc., an Ontario-based regulatory consulting company specializing in the safety and certification of unmanned aircraft, for a total cash value of \$125,000, payable in four quarterly instalments. The purchase price includes a contingent consideration of \$25,000 payable on the first anniversary of acquisition upon meeting performance guarantees.

The fair value of identifiable assets acquired, and liabilities assumed as at the acquisition date are as follows:

| | |
|--|----------------|
| Purchase Price Allocation - RPV | 125,000 |
| Tangible Assets Acquired | |
| Cash & Cash Equivalents | 622 |
| Accounts Receivables | 17,283 |
| Net Fixed Assets | 1,924 |
| Accounts Payable and accrued Liabilities | (6,773) |
| Tax Liabilities | (2,138) |
| Identified Intangible Assets | |
| Customer Relationships | 75,827 |
| Goodwill | 38,256 |

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 16.90% per annum;

The goodwill recognized on acquisition is attributable mainly to the expected future growth potential from the diversified operations and assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Company did not incur any acquisition-related costs.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The Company conducted its annual goodwill impairment analysis as at December 31, 2021. The impairment analysis involved comparing the carrying amount of each CGU's assets and liabilities to their respective recoverable amounts. The recoverable amount was determined using the value in use approach measured by discounting the future expected cash flows of the CGUs.

Notes to Condensed Consolidated Interim Financial Statements
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No impairment analysis has been done on June 30, 2022. The next impairment analysis is scheduled on December 31, 2022.

MVT Geo-Solutions Inc.

On February 28, 2022, Volatus acquired MVT Geo Solutions Inc, a Quebec-based Geomatics service company specializing in data collection and processing, for an equity value of \$850,000 in cash and \$145,001 in shares in Volatus Aerospace. The Company assumed all assets and liabilities of MVT as part of the transaction.

The fair value of identifiable assets acquired, and liabilities assumed as at the acquisition date are as follows:

| | |
|--|----------------|
| Purchase Price Allocation - MVT Geo | 995,001 |
| Tangible Assets Acquired | |
| Cash & Cash Equivalents | 107,072 |
| Accounts Receivables | 160,866 |
| Other CA | 88,565 |
| Net Fixed Assets | 577,336 |
| Right-of-Use Asset | |
| Accounts Payable and accrued Liabilities | (369,631) |
| Other Current Liabilities | (48,635) |
| Tax Liabilities | (35,257) |
| CEBA Loan | (50,000) |
| Non-Current Loans | (351,370) |
| Identified Intangible Assets | |
| Customer Relationships | 868,059 |
| Website | 47,995 |

The Company estimated the fair value as follows:

- Customer relationships based on an income approach, specifically multi-period excess earnings method, by identifying key customers, applying attribution rate of 20% per annum and discount rate of 16.90% per annum; and
- Website based on an income approach, specifically relief from royalty methodology, using a reasonable royalty rate of 0.5% and discount rate of 9.61% per annum.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

Canadian Air National Inc.

On April 30, 2022, the Company acquired Canadian Air National for \$85,000 (\$90,000 including the shareholder debt of \$5,000), an Ontario based Transport Canada licensed commercial air carrier performing right of way patrol for utility companies. The payment is a deferred payment method over several months and includes \$35,000 in performance consideration due to be paid upon renewal of the customer contract. The same amount has been included in accrued liabilities due to the likelihood of contract renewal.

The fair value of identifiable assets acquired, and liabilities assumed as at the acquisition date are as follows:

| | |
|--|---------------|
| Purchase Price Allocation - Canadian Air National | 85,000 |
| Assets and Liabilities | |
| Cash | 7,725 |
| Accounts Receivable | 27,052 |
| Accounts Payable | (7,345) |
| Accrued and other liabilities | (10,823) |
| Net Assets | 16,610 |
| Goodwill | 68,390 |

The goodwill recognized on acquisition is attributable mainly to the expected future growth potential from the renewed customer contract. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Company did not incur any acquisition-related costs.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The Company conducted its annual goodwill impairment analysis as at December 31, 2021. The impairment analysis involved comparing the carrying amount of each CGU's assets and liabilities to their respective recoverable amounts. The recoverable amount was determined using the value in use approach measured by discounting the future expected cash flows of the CGUs.

No impairment analysis has been done on June 30, 2022. The next impairment analysis is scheduled on December 31, 2022.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

14. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the year ended December 31, 2021,

- The Company split its shares into 1:100,000 on March 9, 2021.
- Effective May 19, 2021, the Company did another split of 1:3.846166667

| | # Shares (pre-split) | # Shares (post-split) |
|---------------|-------------------------|--------------------------|
| Common Shares | 200 | 76,923,334 |
| Total | | |

- The Company issued 8,298,001 common shares for convertible debt of \$4,183,000
- The Company issued 14,051,932 common shares in a private placement for \$9,133,756
- The Company issued 1,677,840 common shares to acquire the remaining stake of Partner Jet Corp.

Following the amalgamation, one share of the Resulting Issuer was converted for each 2.95454 shares of Partner Jet, current shareholders of Partner Jet (other than Volatus) own approximately 1.6% of the issued and outstanding shares of the Resulting Issuer (approximately 1.35% on a fully diluted basis)

During the period ending June 30, 2022, the Company issued 349,399 common shares to acquire MVT Geo Solutions Inc.

Contributed Surplus:

200 common shares were issued at par value of \$1 each. The excess difference in gross proceeds received for these common shares have been allocated to contributed surplus.

30 Common shares of Volatus Flight Systems Inc. (representing 30% of all outstanding Common shares) were issued to the owners of Brican Flight Systems Inc. in exchange for all intangibles, technologies and equipment assets. The excess difference in gross proceeds received for these common shares have been allocated to contributed surplus.

Preferred Shares:

| | # of shares | June 30, 2022 | December 31, 2021 |
|--|-------------|---------------|-------------------|
| Issued for acquisition of Partner Jet Corp. Initial minority equity Investment | 412,376 | \$ 412,376 | \$ 412,376 |
| UAViation Aerial Solutions Limited Investment | 291,946 | 291,946 | 291,946 |
| Total | | \$ 704,322 | \$ 704,322 |

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

14. Share Capital (Continued)

The above preferred shares are non-redeemable and have no coupon interest payment and have a face value of \$1. The preferred shares held by UAViation Aerial Solutions Limited are in the Volatus owned subsidiary, Volatus Unmanned Services Inc. (Refer note 10)

Stock Options:

On January 2, 2021, the Company granted 884,615 additional options (after splits) at an exercise price of \$0.001 to be vested over three years. These options were accelerated and exercised into common shares on December 22, 2021 resulting in the issuance of 884,615 common shares.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted during the year ended December 31, 2021 was \$0.52 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.52, risk-free interest rate of 0.39%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On December 31, 2021, the Company granted 3,790,000 additional options at an exercise price of \$0.65. 3,390,000 options will be vested over three years and 400,000 options will be vested over two years.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted during the year ended December 31, 2021 was \$0.49 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.65, risk-free interest rate of 1.75%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

On April 12, 2022, 16,924 options were converted into common shares at an exercise price of \$0.29915. These options were converted into Volatus Options during the reverse takeover of Partner Jet Corp on December 22, 2021.

On June 24, 2022, the Company granted 1,440,000 additional options at an exercise price of \$0.36 that will be vested over four years and will expire five years from grant date.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The weighted average fair value at date of grant for the options granted during the period ended June 30, 2022 was \$0.27 per option. The following weighted average assumptions were used for the Black-Scholes valuation of share: share price of \$0.36, risk-free interest rate of 3.30%, expected life of 5 years, expected volatility of 100% and expected dividends of Nil.

Warrants:

During the year ended December 31, 2021,

- \$4,183,000 of unsecured convertible debentures, including accrued interest payable, were converted into 4,329,457 units of warrants at a value of \$1,472,015. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.65 per warrant for a period of 2 years.

Volatus Aerospace Corp.

Notes to Condensed Consolidated Interim Financial Statements For the three and six months ended June 30, 2022 and 2021

- The Company issued 8,004,985 units of warrants as part of its private placement round at a value of \$2,581,176. 7,025,966 units of warrants are exercisable into one common share of the Company at an exercise price of \$0.75 per warrant for a period of 2 years and 979,019 units of warrants are exercisable into one common share of the Company at an exercise price of \$0.65 per warrant for a period of 2 years.

Details of warrants and their fair value:

| Issue Date | Exercise Price | Expiry Date | Number of warrants outstanding at June 30, 2022 | Fair Value at June 30, 2022 | Number of Warrants Outstanding at December 31, 2021 | Fair Value at December 31, 2021 |
|--------------|----------------|--------------|---|-----------------------------|---|---------------------------------|
| Dec 22, 2021 | \$0.65 | Dec 22, 2023 | 5,308,476 | 1,804,881 | 5,308,476 | 1,804,881 |
| Dec 22, 2021 | \$0.75 | Dec 22, 2023 | 7,025,966 | 2,248,309 | 7,025,966 | 2,248,309 |

The fair values of these warrants were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Volatility – 100%

Dividend yield – 0%

Risk Free Interest Rate – 0.22% - 0.93%

Expiry – 2 years

| | Number of Warrants | Weighted Average Exercise Price |
|-----------------------------------|--------------------|---------------------------------|
| Outstanding, December 31, 2021 | - | - |
| Issued | 12,334,442 | \$ 0.71 |
| Exercised | - | - |
| Forfeited | - | - |
| Outstanding, June 30, 2022 | 12,334,442 | \$ 0.71 |

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

15. Financial Instruments and Risk Management

Financial Assets and Liabilities

The Company has classified cash and cash equivalents and short-term investments as financial assets and measured at fair value through profit or loss. Trade and other receivables are classified as financial assets and measured at amortized cost. Trade payables and accrued liabilities are classified as financial liabilities and measured at amortized cost.

Risk Management

The Company is exposed to risks that arise from its use of financial instruments. The Company's financial instruments comprise of cash and cash equivalents, short-term investments, trade and other receivables, and trade payables and accrued liabilities. Disclosures relating to exposure to risks, in particular credit risk, foreign currency risk, concentration risk, market risk and liquidity risk are provided below.

a) Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, comprise primarily of cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk of these items is the carrying amount as reported on the financial statements. Cash and cash equivalents are maintained at a major Canadian financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Credit risk on trade and other receivables is minimized as a result of the constant review and evaluation of the account balances. The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. There is no indication, as at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

b) Foreign Currency Risk

The Company has operations in Canada and the U.S., therefore, has exposure to foreign currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the parent company's consolidated functional currency. Each entity within the consolidated group determines its own functional currency.

Assets and liabilities of foreign subsidiaries are translated at the year-end rate and, therefore, have varying values from exchange rate fluctuations. The statements of comprehensive income (loss) of the foreign subsidiaries are translated into Canadian dollars using the year's average exchange rate and, accordingly, exchange rate fluctuations impact the Company's revenues and profit (loss), denominated in Canadian dollars.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

15. Financial Instruments and Risk Management (Continued)

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis. As at June 30, 2022 the Company did not have any foreign currency hedges in place.

The following financial assets and liabilities are denominated in U.S. dollars and are exposed to changes in the foreign exchange rate:

| | Six months ended June 30 | |
|---|--------------------------|-------------|
| | 2022 | 2021 |
| Cash | \$ 464,125 | \$ - |
| Account Receivable and other current assets | 459,855 | - |
| Accounts Payable and other Liabilities | (366,389) | - |
| Net US dollars assets | \$ 557,591 | \$ - |

c) Concentration Risk

The Company is not exposed to customer concentration risk as the Company's revenue are widely distributed across multiple customers and revenue streams. The Company will keep mitigating these risks and uncertainties by focusing its sales energies on securing additional customer contracts across wider revenue streams and channels.

d) Market Risk

The Company's investments are exposed to market risk arising from uncertainties about future values of the investments. The Company manages market risk through diversification and investing only in blue-chip equities with a history of stable return listed on various public stock exchanges. Senior management reviews the equity portfolio on a regular basis.

e) Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is required to meet its financial obligations as these become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due, without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

15. Financial Instruments and Risk Management (Continued)

f) Sensitivity Analysis

Based on management’s knowledge and experience of the financial markets, the Company believes that a 10% movement in interest rates and foreign exchange rates that may reasonably be expected to occur over the next twelve-month period will not have a significant impact on the Company.

16. Commitments

As part of the UAviation Aerial Solutions Limited's acquisition in 2021, the Company had recognized a contingent consideration of \$10,000 that arises because of an earn-out commitment. This consideration was fulfilled and settled in Q2 2022.

As part of OmniView Tech Corp. acquisition, the company has committed to issuing additional 50 shares of Volatus Unmanned Services as an earn-out commitment upon meeting defined targets.

As part of the RPV aviation acquisition, the Company has recognized a contingent consideration of \$25,000 that arises because of an earn-out commitment.

17. Right-of-use assets

As of June 30, 2022, the Company’s right-of-use assets consisted of the followings:

| (in C\$) | Total |
|-------------------------------------|--------------------|
| Cost | |
| Balance, January 1, 2022 | \$ 1,455,788 |
| Additions during the period | - |
| Lease acquired in the acquisition | - |
| Balance, June 30, 2022 | 1,455,788 |
| Accumulated amortization | |
| Balance, January 1, 2022 | 225,867 |
| Depreciation expense for the period | 155,996 |
| Balance, June 30, 2022 | 381,863 |
| Net book value | |
| December 31, 2021 | 1,229,921 |
| June 30, 2022 | \$1,073,925 |

Notes to Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2022 and 2021

18. Government Grants

The Company was awarded a grant of \$75,000 to one of its subsidiaries by Investment Quebec. The grant was started in 2020 to perform hot-spot detection for fire fighting and is non repayable. The grant has been recognized as part of other income.

19. Segmented Information

The Company operates under one reporting segment.

20. Subsequent Events

The Canadian economy continues to be impacted by uncertainties due to the impact of the COVID-19 Virus. This uncertainty has unlocked significant opportunities in unmanned or drone activities and the Company has benefited from this situation. On a going forward basis the volatile effect of the COVID19 pandemic on the economy and the Company is not currently determinable but does not pose a major business risk on a go-forward basis.

On February 24, 2022, Russian troops invaded Ukraine. This has led to sanctions imposed by different countries on Russia (and, in certain cases, Belarus). This unwarranted military action in Ukraine and related events occur at a time of significant global uncertainty and volatility. This uncertainty brings opportunity in the unmanned space as demand for drone technology in military and humanitarian causes increases. The volatile effect of this war does heighten trade frictions between certain countries but does not pose a significant business risk on a go-forward basis.

On July 25, 2022, The Company announced filing of preliminary short form prospectus of 11,111,200 units of the Company (the "Units") at a price of \$0.36 per Unit (the "Offering Price") for aggregate gross proceeds to the Company of up to \$4,000,032. Each Unit will consist of one common share (a "Common Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to acquire one additional Common Share at an exercise price of \$0.50 per Common Share for a period of 24 months from the closing of the Offering. In addition, the Company is undertaking, concurrent with the prospectus offering, a non-brokered private placement of up to 1,388,900 Units at the Offering Price for gross proceeds of up to \$500,004 on same terms.

On August 24, 2022, the Company has been extended additional demand revolving credit facility of \$1,000,000. The total demand revolving facility that has been made available is \$2,000,000. The Company intends to use the same to manage its working capital.

End.