SNIPP INTERACTIVE INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars unless otherwise noted)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Snipp Interactive Inc.

Opinion

We have audited the accompanying consolidated financial statements of Snipp Interactive Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations and comprehensive loss, cash flows, and changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a working capital deficit of $1,213,058, a net loss of $1,322,931, accumulated deficit of $32,836,750 and positive cash flows from operations of $1,472,929. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Snipp Interactive Inc. for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2020.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2021

SNIPP INTERACTIVE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in U.S. Dollars)
As at

		December 31, 2020	December 31, 2019
ASSETS			
Current			
Cash	(Note 3)	$ 1,916,047	$ 848,719
Accounts receivable, net of expected credit loss of $60,875 (2019 - $60,875)		1,244,028	2,079,074
Deposits, prepaid expenses and other assets		420,964	435,627
		3,581,039	3,363,420
Equipment	(Note 5)	17,527	21,771
Intangible assets	(Note 6)	2,674,796	3,397,698
		$ 6,273,362	$ 6,782,889
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 2,740,289	$ 2,532,698
Deferred revenue		1,739,940	1,786,935
Due to related parties	(Note 7)	19,468	49,255
Loan - Payroll Protection Program	(Note 13)	294,400	-
		4,794,097	4,368,888
Shareholders' equity			
Common shares	(Note 9)	29,621,734	29,523,285
Warrants	(Note 9)	421,796	421,796
Contributed surplus	(Note 9)	5,394,667	5,279,305
Deficit		(32,836,750)	(31,513,819)
Accumulated other comprehensive loss		(1,122,182)	(1,296,566)
		1,479,265	2,414,001
		$ 6,273,362	$ 6,782,889

Nature of operations and going concern (Note 1)
Commitments (Note 12)
Subsequent event (Note 16)

Approved and authorized by the Board of Directors on April 29, 2021.

"*Atul Sabharwal*" Director
Atul Sabharwal

"*Sarfaraz Haji*" Director
Sarfaraz Haji

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

SNIPP INTERACTIVE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in U.S. Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
REVENUE	$ 8,692,274	$ 8,643,755
EXPENSES		
Salaries and compensation (Note 7)	5,091,020	5,967,417
General and administrative	508,154	820,184
Campaign infrastructure	2,431,484	2,292,970
Professional fees	299,400	270,701
Marketing and investor relations	1,277	257,682
Travel	14,786	95,418
Bad debt expense	-	169,139
Amortization of intangible assets (Note 6)	1,578,787	2,160,987
Depreciation of equipment (Note 5)	22,744	26,273
Share-based payments (Notes 7 & 9)	115,362	151,893
	10,063,014	12,212,664
Net loss before interest, foreign exchange, impairment, other income and taxes	(1,370,740)	(3,568,909)
Interest expense	(19,133)	(13,123)
Foreign exchange loss	(4,053)	(13,044)
Other income (Note 13)	100,696	-
Impairment loss (Note 8)	-	(3,420,858)
Net loss before tax provision	(1,293,230)	(7,015,934)
Provision for taxes (Note 15)	(29,701)	(5,838)
Net loss for the year	(1,322,931)	(7,021,772)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to loss		
Cumulative translation adjustment	174,384	6,211
Comprehensive loss for the year	$ (1,148,547)	$ (7,015,561)
Basic and diluted loss per common share	$ (0.01)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	229,313,267	226,163,904

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

SNIPP INTERACTIVE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (1,322,931)	$ (7,021,772)
Items not involving cash:		
Amortization of intangible assets	1,578,787	2,160,987
Depreciation of equipment	22,744	26,273
Share-based payments	115,362	151,893
Impairment loss	-	3,420,858
Changes in non-cash working capital items:		
Accounts receivable	835,046	299,597
Deposits, prepaid expenses and other assets	14,663	281,250
Accounts payable and accrued liabilities	306,040	(328,353)
Deferred revenue	(46,995)	1,225,175
Due to related parties	(29,787)	(27,989)
Net cash flows generated by operating activities	1,472,929	187,919
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to equipment	(18,694)	(4,770)
Additions to intangible assets	(759,029)	(869,210)
Net cash flows used in investing activities	(777,723)	(873,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan - Payroll Protection Program	294,400	-
Net cash flows provided by financing activities	294,400	-
Effect of exchange rate changes on cash	77,722	(59,649)
Change in cash for the year	1,067,328	(745,710)
Cash, beginning of year	848,719	1,594,429
Cash, end of year	$ 1,916,047	$ 848,719

Supplemental disclosure regarding cash flows (Note 10)

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

SNIPP INTERACTIVE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in U.S. Dollars)

	Common Shares		Amount		Warrants		Contributed Surplus		Accumulated Other Comprehensive Loss		Deficit		Total Shareholders' Equity
Balance, December 31, 2018	226,163,904	$	29,523,285	$	421,796	$	5,127,412	$	(1,302,777)	$	(24,492,047)	$	9,277,669
Share-based payments	-		-		-		151,893		-		-		151,893
Cumulative translation adjustment	-		-		-		-		6,211		-		6,211
Net loss for the year	-		-		-		-		-		(7,021,772)		(7,021,772)
Balance, December 31, 2019	226,163,904	$	29,523,285	$	421,796	$	5,279,305	$	(1,296,566)	$	(31,513,819)	$	2,414,001
Debt settlement	8,666,667		98,449		-		-		-		-		98,449
Share-based payments	-		-		-		115,362		-		-		115,362
Cumulative translation adjustment	-		-		-		-		174,384		-		174,384
Net loss for the year	-		-		-		-		-		(1,322,931)		(1,322,931)
Balance, December 31, 2020	234,830,571	$	29,621,734	$	421,796	$	5,394,667	$	(1,122,182)	$	(32,836,750)	$	1,479,265

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

1 NATURE OF OPERATIONS AND GOING CONCERN

Snipp Interactive Inc. (the "Company" or "Snipp") was incorporated under the *Business Corporations Act* (British Columbia) on January 21, 2010 and its business is to provide a full suite of mobile marketing, rebates and loyalty solutions in the US, Canada and internationally.

Unless otherwise indicated in these consolidated financial statements, references to "$" are to U.S. dollars.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The registered address, head office, principal address and records office of the Company are located at Suite 1700, 666 Burrard Street, Vancouver, BC, V6C 2X8, Canada.

The consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2021.

GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business.

The Company has a working capital deficit of $1,213,058 (2019 - $1,005,468), a net loss of $1,322,931 (2019 - $7,021,772), accumulated deficit of $32,836,750 and positive cash flows from operations of $1,472,929. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate continued profitable operations.

The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations. Management is of the opinion that sufficient working capital is available from its accounts receivable line of credit and will be obtained from operations to meet the Company's liabilities and commitments as they come due for the next twelve months. These consolidated financial statements do not reflect any adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on IFRS in effect as at December 31, 2020.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basis of presentation

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiaries Snipp Interactive Inc., which was incorporated in Delaware, USA, Snipp Interactive (India) Private Limited, which was incorporated in India, Snipp Interactive Limited, which was incorporated in Ireland, Snipp Interactive AG, which was incorporated in Switzerland, Hip Digital Media, Inc., which was incorporated in Delaware, USA and Hip Digital Media Inc., which was incorporated in British Columbia, Canada. All material inter-company balances and transactions have been eliminated. Control exists when the Company has the power, directly or indirectly, 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 the consolidated financial statements from the date that control commences until the date that control ceases.

Equipment

Equipment is recorded at cost and depreciated over their estimated useful lives as follows:

Office Equipment	3-5 years	Straight-line
Computer Equipment	3-5 years	Straight-line

Intangible assets

Intangible assets are recorded at cost when internally generated assets and at fair value when acquired during a business acquisition. Intangible assets are amortized over their estimated useful lives as follows:

Software platform	5 years	Straight-line
Acquired intellectual property	5 years	Straight-line
Acquired customer relationships	5 years	Straight-line
Acquired music label contracts	5 years	Straight-line

<u>Software platform</u>

Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Software platform (cont'd..)

Costs that qualify for capitalization include both internal and external costs. These costs are amortized over their expected useful lives estimated at 5 years. Residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Acquired intellectual property

The Company acquired intellectual properties from various acquisitions. The acquired intellectual properties are an intelligent learning platform, a customer loyalty management platform and a rewards platform. These acquired intellectual properties are being amortized over the estimated useful life of 5 years.

Acquired customer relationships

The Company acquired customer relationships from various acquisitions. The acquired customer relationships represent the customer base and corresponding contracts that have been generating revenue for the acquired businesses in prior and current fiscal periods. The value of these acquired customer relationships is being amortized over the estimated useful life of 5 years.

Acquired music label contracts

The Company acquired music label contracts from a past acquisition. The acquired music label contracts represent contracts with music labels that provide for the procurement of music content at wholesale pricing and that are then sold for profit to customers as part of customer revenue contracts that have been generating revenue in prior and current fiscal periods. The value of these acquired music label contracts is being amortized over the estimated useful life of 5 years.

Critical judgement and accounting estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to provisions for receivables, amortization and depreciation, impairment testing, determining the risk free rate of return, expected volatility and future market conditions when calculating the fair value of stock options and warrants, and determining fair values of financial instruments. Actual results could differ from these estimates due to the underlying uncertainty that could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The recoverability of accounts receivable and the expected credit loss allowance that are included in the consolidated statements of financial position are based on historical collection and anticipated credit risk of customers.

ii) The inputs used in accounting for share-based payments expense included in profit and loss calculated using the Black-Scholes option pricing model (Note 9).

iii) The carrying value of intangible assets (capitalized software platform, customer relationships and intellectual property) that are included in the consolidated statements of financial position are based on management assessments of the recoverable amount of the asset. As well, management estimates on the capitalized costs that are directly attributable to the development of the intangible asset (Note 6).

iv) The carrying value of intangibles acquired from acquisitions and estimates on any assumptions underlying the analysis of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue from contracts with customers

The Company provides a full suite of promotions-related marketing services in the US, Canada and internationally, and generates revenue by designing, constructing, implementing and managing these promotions marketing services for its customers. IFRS 15 requires a single, principles-based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

<u>Arrangements with multiple deliverables</u>

Many of the Company's arrangements with customers include multiple performance obligations such as campaign development and campaign management which are delivered at varying times. In these cases, the Company treats the delivered items as separate performance obligations of accounting if they have value to the customer on a stand-alone basis and, where the arrangement includes a general right of return relative to the delivered item, delivery or performance of undelivered items is considered probable and substantially in the Company's control. The Company allocates the total arrangement consideration to all performance obligations using its best estimate of their relative fair value, since vendor-specific objective or third-party evidence of the selling price is generally unavailable. It then recognizes revenue on the different performance obligations in accordance with the policies set out above.

Business combinations

The acquisition of a business is accounted for using the acquisition method. The consideration for an acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets transferred, the liabilities incurred to former owners of the acquired business, and equity instruments issued by the acquirer in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for income taxes which are measured in accordance with IAS 12, Income Taxes. To the extent that the aggregate of the fair value of consideration paid, the amount of any noncontrolling interest and the fair value of any previously held interest in the acquiree exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent that this excess is negative, the excess is recognized as a gain in income.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates an laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign currencies

IFRS requires that the functional currency of each entity in the consolidated group be determined separately and that each entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian Dollar, the functional currency of its wholly-owned legal subsidiaries are:

Snipp Interactive Inc., - U.S. Dollar;
Snipp Interactive (India) Private Limited, - Indian Rupee;
Snipp Interactive Limited, - European Euro;
Snipp Interactive AG, - Swiss Franc;
Hip Digital Media, Inc. (USA), - U.S. Dollar; and
Hip Digital Media Inc. (Canada), - Canadian Dollar.

The presentation currency of the Company's consolidated financial statements is the U.S. dollar ("$"). Under IFRS, when the Company translates the financial statements of entities from their functional currency to the presentation currency, assets and liabilities are translated into U.S. dollars at the exchange rate in effect at the end of the reporting period. Common shares, warrants, contributed surplus, accumulated other comprehensive income, and deficit are translated into U.S. dollars at historical exchange rates. Revenues and expenses are translated into U.S. dollars at the average exchange rate for the period. Foreign exchange gains and losses on translation are included in other comprehensive loss. Within each entity, transactions denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the dates of the transactions, and monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the end of the reporting period. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in profit or loss.

Foreign exchange gains and losses on intercompany loans receivable from foreign operations, for which settlement is neither planned nor likely to occur in the foreseeable future are recognized in other comprehensive income and accumulated in a separate component of equity, irrespective of the currency the intercompany loan is denominated in. In substance, such an item forms part of the Company's net investment in the foreign operation. Such items are reclassified from equity to profit or loss on disposal of the net investment in foreign operations.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

(a) Classification

All of the Company's financial instruments are categorizd as amortized cost.

(b) Measurement

Financial assets

Financial assets at Fair Value Through Other Comprehensive Income ("FVTOCI")
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs.

Financial assets at amortized cost
Financial assets at amortized cost are initially recognized at fair value, plus adjustments for transaction costs, and then subsequently measured at amortized cost using the effective interest rate method, with gains and losses recorded as a charge against earnings. Transaction costs related to financial assets measured at fair value, through the consolidated statements of profit or loss, are expensed as incurred.

Financial assets at Fair Value Through Profit or Loss ("FVTPL")
Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statements of profit or loss in the period in which they arise.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost.

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, where appropriate, a shorter period.

(c) Impairment of financial assets at amortized cost

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset and that the estimated future cash flow of that asset can be estimated reliability. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For trade receivables, the Company uses a combined approach of specific account identification and a provision matrix to estimate the lifetime expected impairment. For all other financial assets, the Company uses specific identification to determine the amount of expected impairment. Losses are recognized in the consolidated statement of profit or loss and reflected as an expected credit loss allowance against the financial asset. When a subsequent event causes the amount of the allowance to decrease, the decrease in allowance is reversed through the consolidated statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

Non-financial assets

The carrying amounts of the Company's definite-life non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which goodwill relates. Where the recoverable amount of the CGU, including goodwill, is less than its carrying value, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, all options and warrants were anti-dilutive.

Share-based payments

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on their fair value over the period of vesting using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to common shares.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payment is measured at the fair value of goods or services received.

(Expressed in U.S. Dollars)

3 CASH

Cash in the consolidated financial statements of financial position comprise of cash deposits held in financial institutions. The balance at December 31, 2020 consists of cash on deposit with major Canadian and US banks.

	December 31, 2020	December 31, 2019
Cash on deposit	$ 1,916,047	$ 848,719
Total	$ 1,916,047	$ 848,719

4 SEGMENTED INFORMATION

IFRS 8 "Operating Segments" defines an operating segment as i) a component of an entity that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker (the Company's CEO) to make decisions about resources to be allocated to the segment and to assess its performance; and iii) for which discrete financial information is available.

The Company's management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its products and services as one operating segment, which provides a full suite of mobile marketing and loyalty services in the United States, Ireland and internationally.

Geographic information

The Company has one operating segment, which provides a full suite of mobile marketing and loyalty services in the United States, Ireland and internationally.

For the Company's geographically segmented non-current assets (equipment and intangible assets), the Company has allocated based on location of assets as follows:

	December 31, 2020	December 31, 2019
United States	$ 462,741	$ 799,747
Ireland	914,425	960,401
International	1,315,157	1,659,321
Total	$ 2,692,323	$ 3,419,469

For the Company's geographically segmented revenue, the Company has allocated revenue based on the location of the customer, as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
United States	$ 7,391,200	$ 6,026,970
Ireland	638,487	1,977,861
International	662,587	638,924
Total	$ 8,692,274	$ 8,643,755

(Expressed in U.S. Dollars)

5 EQUIPMENT

December 31, 2020

	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated depreciation	Depreciation during the year	Closing depreciation balance	Accumulated foreign exchange adjustment	Net book value
Office Equipment	$ 18,026	$ -	$ -	$ -	$ 18,026	$ 16,816	$ 1,064	$ 17,880	$ -	$ 146
Computer Equipment	193,572	18,694	-	-	212,266	172,866	21,680	194,546	(339)	17,381
	$ 211,598	$ 18,694	$ -	$ -	$ 230,292	$ 189,682	$ 22,744	$ 212,426	$ (339)	$ 17,527

December 31, 2019

	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated depreciation	Depreciation during the year	Closing depreciation balance	Accumulated foreign exchange adjustment	Net book value
Office Equipment	$ 18,026	$ -	$ -	$ -	$ 18,026	$ 15,160	$ 1,656	$ 16,816	$ -	$ 1,210
Computer Equipment	188,802	4,770	-	-	193,572	148,249	24,617	172,866	(145)	20,561
	$ 206,828	$ 4,770	$ -	$ -	$ 211,598	$ 163,409	$ 26,273	$ 189,682	$ (145)	$ 21,771

6 INTANGIBLE ASSETS

December 31, 2020

	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated amortization	Amortization during the year	Closing amortization balance	Accumulated foreign exchange adjustment	Net book value
Software platform	$ 6,375,555	$ 759,029	$ -	$ -	$ 7,134,584	$ 3,720,781	$ 1,194,438	$ 4,915,219	$ 165,918	$ 2,385,283
Intellectual property	3,020,000	-	-	-	3,020,000	2,430,828	300,466	2,731,294	807	289,513
Customer relationships	1,195,000	-	-	-	1,195,000	1,111,117	83,883	1,195,000	-	-
Music label contracts	898,407	-	-	-	898,407	898,407	-	898,407	-	-
	$ 11,488,962	$ 759,029	$ -	$ -	$ 12,247,991	$ 8,161,133	$ 1,578,787	$ 9,739,920	$ 166,725	$ 2,674,796

December 31, 2019

	Opening cost balance	Additions	Impairment	Disposals	Closing cost balance	Opening accumulated amortization	Amortization during the year	Closing amortization balance	Accumulated foreign exchange adjustment	Net book value
Software platform	$ 5,506,345	$ 869,210	$ -	$ -	$ 6,375,555	$ 2,599,226	$ 1,121,555	$ 3,720,781	$ 71,949	$ 2,726,723
Intellectual property	3,020,000	-	-	-	3,020,000	1,826,579	604,249	2,430,828	(2,493)	586,679
Customer relationships	1,195,000	-	-	-	1,195,000	872,012	239,105	1,111,117	413	84,296
Music label contracts	980,000	-	81,593	-	898,407	702,329	196,078	898,407	-	$ -
	$ 10,701,345	$ 869,210	$ 81,593	$ -	$ 11,488,962	$ 6,000,146	$ 2,160,987	$ 8,161,133	$ 69,869	$ 3,397,698

(Expressed in U.S. Dollars)

7 RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Technology Officer and the Chief Operating Officer. The aggregate compensation paid, or payable, to key management personnel during the years ended December 31, 2020 and 2019 were $774,891 and $934,577, respectively. During the year ended December 31, 2020, $39,944 (C$55,000) of the $774,891 was settled by the issuance of 3,666,667 common shares at a fair value of C$0.015 per common share. At December 31, 2020, $19,468 was due to officers and directors (2019 - $49,255). During the year ended December 31, 2020, $24,000 (C$30,000) of the $49,255 unpaid balance at December 31, 2019 was settled by the issuance of 2,000,000 common shares at a fair value of C$0.015 per common share. The amounts due to related parties represent unpaid salaries and compensation and unpaid reimbursable expenses. The amounts are non-interest bearing, unsecured and have no specified terms of repayment. In addition to the amounts listed above, during the year ended December 31, 2020, key management personnel received share-based payments of $42,104 (2019 - $69,016) corresponding to the fair value of stock options that vested during the year.

8 IMPAIRMENT

The carrying values of goodwill and intangible assets with indefinite lives are tested for impairment annually. The Company completed its annual impairment tests as of December 31, 2019 and has included a summary of the key inputs below for its CGU to which goodwill and indefinite life intangibles have been allocated. The Company's management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its products and services as one operating segment. Consistent with the foregoing, it was concluded that the Company has one CGU, being the consolidated business. All goodwill and indefinite life intangibles acquired in the Company's prior acquisitions were allocated to the Company's only CGU. If the recoverable amount of the CGU exceeds its carrying amount, the CGU and the goodwill allocated to that CGU shall be regarded as not impaired. If the carrying amount of the CGU exceeds its recoverable amount, the entity shall recognize the impairment loss in accordance with the accounting requirements as specified under IAS 36. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The Company performed its annual impairment test at December 31, 2019 and the recoverable amount of the CGU was determined based on VIU using an income approach with the following key assumptions: i) Forecasted revenue at an average growth rate of 9.2%; ii) Average forecasted earnings before interest, tax, depreciation and amortization ("EBITDA") of 1.2%; and iii) Cash flows were discounted at a pre-tax discount rate of 20.9% based on a market participant weighted average cost of capital. As indicated in the impairment test performed, the recoverable amount was determined to be lower than the carrying amount with a resulting impairment charge of $3,339,265 being recorded, being the entire goodwill balance.

In addition to the impairment assessment of goodwill and intangible assets with indefinite lives, the Company also considered whether any of its definite life intangible assets had indicators of impairment. It was determined that the Company's 'music label contracts' had indicators of impairment and therefore an additional impairment charge of $81,593 was recorded, being the entire 'music label contract' balance. The indicators identified included that there was a cancellation of most of the original music label contracts acquired and that the remaining music label contract still in effect, was not being actively used to generate revenues.

The following key assumptions are subject to volatility and several uncontrollable factors which could significantly affect the present value of the discounted future cash flow, that was used by management as part of this model: i) Discount Rate; ii) Growth Rate; iii) EBITDA Margin. The sensitivity analysis prepared by the Company for the single CGU impairment are as follows:

Key Assumptions	December 31, 2019	Change	Impact	
Discount Rate	16.75%	+/- 1%	$	350,000
Growth Rate	10%	+/- 3%	$	10,000
EBITDA Margin	1.2%	+/- 1%	$	360,000

9 SHAREHOLDERS' EQUITY

Authorized

Unlimited common shares, without par value
Unlimited preferred shares, without par value, issuable in series:
Unlimited Series 1 voting preferred shares, without par value, redeemable at C$0.0001 per share

Share issuances

On August 21, 2020, the Company completed a shares for debt transaction to settle the aggregate of $98,449 (C $130,000) in indebtedness of the Company to four officers, two directors and five employees through the issuance of 8,666,667 common shares of the Company (the "Settlement Shares") at a fair value of C$0.015 per Settlement Share (the “Debt Settlement”). There were no share issuances during the year ended December 31, 2019.

Stock options

On December 3, 2020, disinterested shareholders approved and the Company adopted an amended fixed number incentive stock option plan which was previously approved on October 26, 2018 (the “Option Plan”) which provides that a committee of the Board of Directors appointed in accordance with the Option Plan (the “Committee”) may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares (“Options”), reserving 46,966,114 shares, being 20% of the Company’s issued and outstanding shares as at December 3, 2020. Such Options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms are determined at the time of grant by the Committee.

In fiscal 2020, the Company recognized share-based payment expense of $115,362 corresponding to the vesting of stock options that were granted during the year ended December 31, 2020 and stock options that were granted during prior years. 5,193,666 options granted remain to be vested in future periods.

In fiscal 2019, the Company recognized share-based payment expense of $151,893 corresponding to the vesting of stock options that were granted during the year ended December 31, 2018 and stock options that were granted during the year ended December 31, 2017. 3,860,667 options granted remain to be vested in future periods.

In fiscal 2020, the Company recognized share-based payment expense of $115,362 corresponding to the vesting of stock options that were granted and vested during the year ended December 31, 2020 and stock options that were granted during prior years. In fiscal 2020, the Company granted 585,000 options on June 8, 2020, 500,000 options on August 31, 2020, 500,000 options on October 1, 2020, 3,200,000 options on December 7, 2020 and 1,500,000 options on December 8, 2020. All options granted in fiscal 2020 have an exercise price of C$0.05 and have a five year expiry date from the date of grant. The options were valued at $6,345, $5,418, $7,536, $90,605 and $42,471 respectively. The following assumptions were used for the Black-Scholes valuation of options granted in fiscal 2020 (Risk-free interest rate: 0.30% - 0.42%; expected life of option: 5.0 years; annualized volatility: 125%; dividend rate: 0.00%). All stock options have been granted with exercise prices in Canadian dollars.

(Expressed in U.S. Dollars)

9 SHAREHOLDERS' EQUITY (cont'd…)

Stock options (cont'd…)

Stock option activity is presented below:

	Number of Options	Weighted Average Exercise Price C$
Outstanding, December 31, 2018	15,273,172	0.25
Cancelled	(1,367,533)	0.27
Expired	(1,825,000)	0.44
Outstanding, December 31, 2019	12,080,639	0.22
Cancelled	(525,501)	0.24
Granted	6,285,000	0.05
Expired	(2,803,258)	0.42
Outstanding, December 31, 2020	15,036,880	0.11

The weighted average remaining life of the stock options outstanding is 2.74 years as at December 31, 2020. As at December 31, 2020, the following stock options are outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price C$	Expiry Date
1,652,880	1,652,880	$0.38	09-Feb-21 to 12-Feb-21
30,000	30,000	$0.15	15-Dec-21
2,793,000	2,793,000	$0.10	13-Jun-22 to 16-Jun-22
500,000	500,000	$0.10	01-Nov-22
250,000	166,667	$0.065	14-Sep-23
3,526,000	2,350,667	$0.10	26-Oct-23
585,000	-	$0.05	08-Jun-25
500,000	-	$0.05	31-Aug-25
500,000	-	$0.05	01-Oct-25
4,700,000	2,350,000	$0.05	07-Dec-25 to 08-Dec-25
15,036,880	9,843,214		

1,652,880 options listed in the above table with expiry dates of 09-Feb-21 to 12-Feb-21, have expired subsequent to December 31, 2020. 705,000 options listed in the above table with expiry dates of 01-Nov-22 and 13-Jun-22, have been cancelled subsequent to December 31, 2020.

Finder's Warrants	Number of Shares	Weighted Average Exercise Price C$
Outstanding, December 31, 2018 and December 31, 2019	1,177,000	0.10
Expired	(1,177,000)	0.10
Outstanding, December 31, 2020	-	-

Each Finder's Warrant entitled the holder to purchase one common share at the applicable exercise price for a period of 2 years from the date of issuance.

(Expressed in U.S. Dollars)

10 SUPPLEMENTAL DISCLOSURE REGARDING CASH FLOWS

		Year Ended December 31, 2020		Year Ended December 31, 2019
Cash paid during the year for interest	$	19,133	$	13,123
Cash paid during the year for income taxes		29,701		5,838
Transactions not involving cash:				
2020 - 8,666,6667 common shares issued to settle C$ 130,000				
2019 - None				

11 CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

12 COMMITMENTS

The Company has leased office space in Ireland. The remaining term of the lease is 3.3 years. Future remaining minimum lease payments as at December 31, 2020 are as follows:

2021	$	31,432
2022		31,432
2023		31,432
2024		10,477
	$	104,773

13 GOVERNMENT LOAN AND SUBSIDY FUNDS

The Company has received funds under two programs, each designed to support American and Canadian small businesses in keeping their workforces employed during the COVID-19 crisis.

The Company's wholly owned United States subsidiary has received a one-time loan of $294,400 from the United States' Small Business Administration ("SBA") under the Payroll Protection Program ("PPP") of the CARES Act. The loan has been issued with an annual interest rate of 1% over a two-year term. The SBA will forgive loan amounts under certain conditions. The Company will be applying for SBA loan forgiveness.

The Company has also received funds from the Canadian Emergency Wage Subsidy ("CEWS") program totaling $100,696 (C$ 135,414) and has recognized the amounts received as other income in the statements of operations during the year ended December 31, 2020.

14 FINANCIAL INSTRUMENTS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts receivable excluding sales tax, due to related parties, accounts payable and accrued liabilities and loans approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable excluding sales tax. The Company places its cash with major financial institutions to limit risk from cash. The maximum exposure to credit risk is equal to the fair value or carrying value of the related financial assets. The Company's receivables consist of amounts due from customers. Some customers settle their accounts past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At December 31, 2020, the Company had $373,188 (December 31, 2019 - $244,518) in amounts due from customers greater than 90 days and during fiscal 2020 recognized bad debt expense of $nil (2019 - $169,139). At December 31, 2020, the Company's accounts receivable included four customers with balances making up 35%, 22%, 15%, and 11% of accounts receivable. During the year ended December 31, 2020, revenue from one customer made up 10% of the Company's total revenue.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. Management is of the opinion that sufficient working capital is available from its financings and will be obtained from operations to meet the Company's liabilities and commitments as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company announced on May 31, 2018 that it secured a two-million-dollar credit facility with Bridge Bank. The credit facility is an accounts receivable line of credit to provide the Company with additional working capital and is secured by the Company's accounts receivable and intellectual property, consisting of all recognized and unrecognized intangible assets. As at December 31, 2020, the Company had a zero balance on the credit facility. The credit facility bears interest at prime plus 1.75%. During the year ended December 31, 2020, the Company incurred $19,133 in interest expense, during the year ended December 31, 2019, the Company incurred $13,123 in interest expense.

14 FINANCIAL INSTRUMENTS (cont'd…)

Market risk

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

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's, obligations are not considered significant. A plus or minus 1% change in interest rates would affect profit or loss by approximately $nil (2019 - $nil).

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2020, the Company held cash as well as accounts payable and accrued liabilities denominated in the Canadian dollar, European Euro, Swiss Franc, and Indian Rupee and considers foreign currency risk low. The majority of the Company's foreign currency amounts are held in Canadian dollars. A plus or minus 1% change in Canadian foreign exchange rates would affect profit or loss and comprehensive profit or loss by less than $5,000 (2019 - $5,000).

The following table summarizes the Company's exposure to the Canadian currency:

	December 31, 2020 C$	December 31, 2019 C$
Cash	176,832	159,558
Accounts receivable	253,767	59,913
Accounts payable and accrued liabilities	(877,943)	(646,378)
Total	(447,344)	(426,907)

(Expressed in U.S. Dollars)

15 INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2019 - 27%) to the effective tax rate is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Net loss before income taxes	$ (1,293,230)	$ (7,015,934)
Expected income tax recovery at statutory rates	(349,172)	(1,894,302)
Effect on income taxes of:		
Non-deductible expenses	31,721	1,012,080
Foreign exchange rate translation, tax rate changes and other adjustments	314,312	(56,845)
Change in tax benefits not recognized	32,840	944,895
Income tax expense	$ 29,701	$ 5,828

The following table summarizes the components of deferred tax:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Operating tax losses carried forward - US	$ 52,604	$ 63,001
Deferred tax liabilities:		
Equipment and intangible assets	(52,604)	(63,001)
Net deferred tax liability	$ -	$ -

(Expressed in U.S. Dollars)

15 INCOME TAXES (cont'd…)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		December 31, 2020		December 31, 2019
Deferred tax assets:				
Equipment	$	3,301,347	$	2,728,379
Share issuance and financing costs		84,396		142,959
Non-capital loss carry forwards		31,113,406		33,342,406
	$	34,499,149	$	36,213,744

The Canadian and U.S. operating tax loss carry forwards expire as noted in the table below. The remaining dedcutible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company has non-capital losses available for carryforward as follows:

Canada $12,718,743 expiring 2023-2040
USA $16,079,737 expiring 2027-2040
Ireland $2,217,317 expiring 2033-2040
Switzerland $97,608 expiring 2039-2040

16 SUBSEQUENT EVENT

On April 20, 2021, the Company granted 600,000 options to three advisors. The options vest quarterly in arrears over two years. The options are exercisable at a price of C$0.13 per common share and expire after five years.