

ICESoft Technologies Canada Corp.  
Condensed Consolidated Interim Financial Statements  
*(\$CDN) (Unaudited)*  
*For the period ended March 31, 2021*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the ICESoft Management team.

**ICEsoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Financial Position  
(\$CDN)  
As at

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	138,466	167,551
Accounts receivable	131,022	66,336
Prepaid expenses and deposits	17,753	21,031
<b>Total Current Assets</b>	<b>287,241</b>	<b>254,918</b>
Property and equipment	1,700	1,700
Right of use asset (note 4)	12,293	17,562
<b>TOTAL ASSETS</b>	<b>301,234</b>	<b>274,180</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 12)	284,454	799,941
Current portion of lease liability (note 4)	12,851	17,870
Current portion of deferred revenue (note 5)	836,893	532,354
Current portion of term loans (note 6)	10,400	10,400
Current portion of convertible notes (note 7)	98,123	94,998
<b>Total Current Liabilities</b>	<b>1,242,721</b>	<b>1,455,563</b>
Lease liability (note 4)	-	-
Deferred revenue (note 5)	51,905	79,013
Term loans (note 6)	21,536	21,536
Convertible notes (note 7)	-	-
Deferred wages (note 12)	493,904	-
<b>Total Liabilities</b>	<b>1,810,066</b>	<b>1,556,112</b>
<b>Shareholders' Deficiency</b>		
Share capital (note 8)	26,861,053	26,861,053
Equity portion of convertible notes (note 8)	6,074	6,074
Warrants (note 9)	948,114	948,114
Contributed surplus (note 10)	3,541,349	3,541,349
Accumulated other comprehensive loss	(1,811,016)	(1,824,642)
Deficit	(31,054,406)	(30,813,880)
<b>Total Shareholders' Deficiency</b>	<b>(1,508,832)</b>	<b>(1,281,932)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>	<b>301,234</b>	<b>274,180</b>

Going concern (note 1)

Approved by the Board of Directors:

'Brian McKinney', Director

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

**ICEsoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(\$CDN) (Unaudited)  
For the periods ended March 31

	Three months ended March 31	
	2021	2020
<b>Revenues (note 3)</b>		
Subscription income	296,850	347,804
<b>Total Revenue</b>	<b>296,850</b>	<b>347,804</b>
<b>Expenses (note 12)</b>		
Research and development	330,717	304,904
General and administrative	82,543	81,407
Sales, marketing, and operations	158,573	104,509
<b>Total Expenses</b>	<b>571,833</b>	<b>490,820</b>
<b>Net Operating Loss</b>	<b>(274,983)</b>	<b>(143,016)</b>
<b>Other Income (Expense)</b>		
Government assistance – COVID-19	39,393	-
Finance expense (note 11)	(4,936)	(31,868)
Foreign exchange	-	(598)
Loss on debt extinguishment	-	(155,465)
Stock-based compensation (note 9, 10)	-	(4,659)
<b>Total Other Income (Expense)</b>	<b>34,457</b>	<b>(285,803)</b>
<b>Net Loss</b>	<b>(240,526)</b>	<b>(428,819)</b>
<b>Other Comprehensive Income (Loss)</b>		
Exchange gain (loss) on translation of foreign operations	13,626	(87,870)
<b>Comprehensive loss</b>	<b>(226,900)</b>	<b>(516,689)</b>
<b>Loss per share - basic and diluted (note 8 (iii))</b>	<b>(0.00)</b>	<b>(0.01)</b>

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

**ICESoft Technologies Canada Corp.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency  
 (\$CDN) (Unaudited)  
 For the periods ended March 31

	Share Capital	Equity component of convertible notes	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance December 31, 2019	24,769,679	35,690	585,624	3,180,746	(29,317,886)	(1,821,657)	(2,567,804)
Issuance of Units (note 8, 9)	1,138,967	-	58,033	-	-	-	1,197,000
Conversion of debt to equity (note 8, 9)	852,187	(27,805)	78,933	-	-	-	903,315
Stock-based compensation (note 9)	-	-	4,659	-	-	-	4,659
Expiration of warrants (note 9)	-	-	(15,371)	15,371	-	-	-
Net Loss and Comprehensive Loss	-	-	-	-	(428,819)	(87,870)	(516,689)
<b>Balance March 31, 2020</b>	<b>26,760,833</b>	<b>7,885</b>	<b>711,878</b>	<b>3,196,117</b>	<b>(29,746,705)</b>	<b>(1,909,527)</b>	<b>(979,519)</b>
Balance December 31, 2020	26,861,053	6,074	948,114	3,541,349	(30,813,880)	(1,824,642)	(1,281,932)
Net Loss and Comprehensive Loss	-	-	-	-	(240,526)	13,626	(226,900)
<b>Balance March 31, 2021</b>	<b>26,861,053</b>	<b>6,074</b>	<b>948,114</b>	<b>3,541,349</b>	<b>(31,054,406)</b>	<b>(1,811,016)</b>	<b>(1,508,832)</b>

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

**ICEsoft Technologies Canada Corp.**  
Condensed Consolidated Interim Statements of Cash Flows  
(\$CDN) (Unaudited)  
For the periods ended March 31

	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(240,526)	(428,819)
Add back (deduct) items not involving cash:		
Finance expense (note 11)	4,936	31,868
Stock-based compensation	-	4,659
Loss on debt extinguishment	-	155,465
Amortization of right of use asset (note 4)	5,269	7,665
	(230,321)	(229,162)
Changes in non-cash working capital items:		
Accounts receivable	(64,686)	(134,675)
Prepaid expenses and deposits	3,278	7,814
Accounts payable and accrued liabilities and deferred wages	(21,583)	99,237
Deferred revenue (note 5)	298,325	129,087
<b>Net cash used in operating activities</b>	<b>(14,987)</b>	<b>(127,699)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units (note 8, 9)	-	1,197,000
Proceeds from term loans (note 6)	-	2,900
Repayment of term loans (note 6)	-	(5,828)
Interest paid	(768)	(8,815)
Payment of lease liability (note 4)	(5,019)	(6,807)
<b>Net cash generated by financing activities</b>	<b>(5,787)</b>	<b>1,178,450</b>
Effect of change in foreign exchange rates on cash	(8,311)	(87,870)
<b>Net increase (decrease) in cash for the period</b>	<b>(29,085)</b>	<b>962,881</b>
Cash, beginning of the period	167,551	39,880
<b>Cash, end of the period</b>	<b>138,466</b>	<b>1,002,761</b>

See notes 8 for the details of non-cash transactions.

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

## NATURE OF OPERATIONS

ICESoft Technologies Canada Corp. (the "Corporation" or "ICESoft"), was incorporated on May 10, 2002 under the Canada Business Corporations Act. ICESoft and its subsidiaries develop and license a comprehensive suite of web technologies and Software as a Service (SaaS) solutions for both enterprise and government clients. The Corporation's primary products consist of the Clickware products including ICEfaces and ICEpdf, and the SaaS-based Voyent Alert! Notification Service licensed to government and enterprise clients on a subscription basis.

ICESoft's head office is located at 261, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

The consolidated financial statements of the Corporation as at and for the quarters ended March 31, 2021 and March 31, 2020 consist of the Corporation and its wholly owned subsidiaries. ICESoft wholly owns ICESoft Technologies Holdings Ltd, which acts as the Corporation's main Canadian operating entity; and wholly owns ICESoft Technologies Inc, incorporated in the State of Delaware, which is the United States operating entity.

### 1. GOING CONCERN

These Financial Statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. As at March 31, 2021, the Corporation had negative net working capital of \$955,480 (December 31, 2020 - \$1,200,645) and an accumulated deficit of \$31,054,406 (December 31, 2020 - \$30,813,880). The Corporation incurred a comprehensive loss during the three months ended March 31, 2021 of \$226,900 (three months ended March 31, 2020 – loss of \$516,689).

The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2021 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances. The Corporation will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as needed until the Corporation succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

The ongoing pandemic for the COVID-19 virus could also negatively impact the Corporation's ability to continue as a going concern. The extent to which the coronavirus will impact the Corporation's results will depend on future developments, which are highly uncertain, cannot be predicted, and will include new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were approved and authorized for issue by the Board of Directors on May 27, 2021.

(b) Basis of preparation

These Financial Statements have been prepared under the historical cost convention, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value, and are expressed in Canadian dollars unless otherwise indicated. Other measurement bases used are detailed in the Corporation's annual consolidated financial statements ("Annual Financial Statements").

Certain comparative figures have been reclassified to conform to the current period's presentation.

The notes presented in these Financial Statements include only significant events and transactions occurring since the Corporation's last fiscal year end and are not fully inclusive of all matters required to be disclosed by IFRS in the Corporation's annual consolidated financial statements. As a result, these Financial Statements should be read in conjunction with the Annual Financial Statements.

These Financial Statements follow the same accounting policies and methods of application as the most recent Annual Financial Statements.

**3. REVENUE**

The Corporation disaggregates revenue by two major service lines: (1) "Clickware" and (2) "Voyent Alert" revenue. Both categories include subscription revenue earned on software access licence agreements and support and maintenance revenue earned from providing customer-requested assistance and updates within the reporting period.

In \$	Three months ended March 31,	
	2021	2020
<b>Revenue by major category</b>		
Clickware		
Subscription income	243,124	316,171
Voyent Alert		
Subscription income	52,931	31,633
Other	795	-
<b>Total</b>	<b>296,850</b>	<b>347,804</b>

**4. RIGHT OF USE ASSET AND LEASE LIABILITY**

The Corporation is committed under a lease on office space, expiring in October 2021, for future minimum rental payments. The following table reconciles the Corporation's right of use asset associated with its office space:

	<b>\$</b>
<b>Balance as at December 31, 2020</b>	<b>17,562</b>
Amortization	(5,269)
<b>Balance as at March 31, 2021</b>	<b>12,293</b>
Cost	77,281
Accumulated amortization	(64,988)
<b>Net book value</b>	<b>12,293</b>

The required payments, exclusive of occupancy costs, are as follows:

	<b>\$</b>
Remainder of 2021	13,503
Total lease payments	13,503
Impact of discounting	(652)
<b>Total lease liability</b>	<b>12,851</b>
Less: current portion	(12,851)
<b>Lease liability – non-current portion</b>	<b>-</b>

Total cash outflow for leases, including occupancy costs, was \$5,787 and \$14,588 for the three months ended March 31, 2021 and 2020. Of these amounts, \$0 and \$5,216 consisted of variable payments not included in the measurement of lease liabilities.

**5. DEFERRED REVENUE**

Timing differences between invoicing, cash collection, and revenue recognition result in accounts receivable and also result in deferred revenue on the consolidated statements of financial position. Amounts are billed in accordance with the terms of each customer contract. For most contracts, the Corporation receives payments for contract subscriptions prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue.

All deferred revenue recorded in 2020 and 2021 relates to certain subscription agreements. Changes in deferred revenue during the periods consist of:

	<b>March 31,</b>	<b>December 31,</b>
<b>in \$</b>	<b>2021</b>	<b>2020</b>
<b>Deferred revenue</b>		
Opening balance	<b>611,367</b>	<b>728,889</b>
Collected	440,490	1,079,932
Recognized in revenue		
From opening balances	(267,943)	(797,949)
From additions in the period	(28,833)	(497,639)
Foreign exchange effect	133,717	98,124
<b>Closing balance</b>	<b>888,798</b>	<b>611,367</b>



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As at March 31, 2021, revenues allocated to remaining performance obligations from subscription contracts, which extend through to 2022, total approximately \$888,798. Of this amount, approximately \$836,893 is expected to be recognized in the remainder of 2021 and \$51,905 in 2022.

**6. TERM LOANS**

A summary of the term loans outstanding is as follows:

in \$	March 31, 2021	December 31, 2020
Canada Emergency Business Account (CEBA) note payable, unsecured and interest free, with 25% debt forgiveness if repaid by December 31, 2022	21,536	21,536
Short term borrowings from the President and CEO, bearing no interest, unsecured, and due on demand	10,400	10,400
<b>Total debt outstanding</b>	<b>31,936</b>	<b>31,936</b>
Less: current portion	(10,400)	(10,400)
<b>Long-term portion</b>	<b>21,536</b>	<b>21,536</b>

**7. CONVERTIBLE NOTES**

The balance of convertible notes as of March 31, 2021 and December 31, 2020 is reconciled as follows:

	March 31, 2021	December 31, 2020
<b>Opening Balance</b>	<b>94,998</b>	<b>835,645</b>
Modification of notes	-	(5,062)
Additions	-	-
Accretion	-	27,445
Interest accrued	3,125	35,174
Interest paid	-	(17,026)
Converted to equity (see note 8)	-	(781,178)
<b>Total debt outstanding</b>	<b>98,123</b>	<b>94,998</b>
Less: current portion	(98,123)	(94,998)
<b>Long-term portion</b>	<b>-</b>	<b>-</b>

The outstanding note as at March 31, 2021 bears interest at 12% per annum, is due December 11, 2021, and is convertible into shares and warrants of the Corporation. The balance includes \$3,125 of accrued interest.

## 8. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value.

The Corporation has the following Common Shares issued and outstanding:

	Number of Shares #	Share Capital \$
<b>Balance, December 31, 2019</b>	<b>52,108,739</b>	<b>24,769,679</b>
Issuance of shares with units for cash (i)	15,212,500	956,650
Issuance of shares on settlement of notes (ii)	12,794,786	1,160,587
Share issuance costs	-	(25,863)
<b>Balance, December 31, 2020</b>	<b>80,116,025</b>	<b>26,861,053</b>
<b>Balance, March 31, 2021</b>	<b>80,116,025</b>	<b>26,861,053</b>

- (i) During the year ended December 31, 2020, the Corporation issued 15,212,500 units at a price of \$0.08 per unit for gross proceeds of \$1,217,000. Each unit consisted of one common share and one half common share purchase warrant. The warrants have an exercise price of \$0.12 per share and expire two years from date of issuance. The warrants were assigned a value of \$195,751, less issuance costs, based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.
- (ii) During the year ended December 31, 2020, the Corporation issued 11,639,005 units at \$0.08 per unit on conversion of convertible notes and interest totalling \$931,120, which includes 6,876,438 units issued as part of an inducement to convert convertible debt. This inducement to convert resulted in a \$304,397 loss on inducement and addition to share capital, related to the difference between the \$0.15 per share contractual conversion price and the actual conversion rate of \$0.08 per unit. Each unit consisted of one common share and one half common share purchase warrant. The warrants have an exercise price of \$0.12 per share and expire two years from date of issuance. The warrants were assigned a value of \$149,768, less issuance costs, based on the relative fair value of the shares and warrants. During the year ended December 31, 2020, the Corporation also issued 1,155,781 shares on settlement of convertible notes and notes payable owed to the President and CEO, at a price of \$0.15 per share. This share settlement above market price of \$0.067 per share resulted in a n addition to contributed surplus, as a capital contribution.
- (iii) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 80,116,025 for the three months ended March 31, 2021 (three months ended March 31, 2020 – 55,514,109). The Corporation excluded all convertible notes, warrants, and stock options from the calculation of diluted income per share for the three months ended March 31, 2021 and 2020, as they would be anti-dilutive.

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**9. WARRANTS**

Warrants are used to recognize the fair value of warrant grants to support financings. When warrants are subsequently exercised, the fair value of such warrants is credited to the share capital account. When warrants expire, their value is credited to Contributed surplus.

	\$
<b>Balance, December 31, 2019</b>	<b>585,624</b>
Warrants issued with units for cash	183,457
Warrants issued with units on conversion of convertible notes	149,768
Expired warrants	(14,923)
Warrants issued as transaction costs	25,992
Share based compensation	22,919
Equity issuance costs	(4,723)
<b>Balance, December 31, 2020</b>	<b>948,114</b>
<b>Balance, March 31, 2021</b>	<b>948,114</b>

A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
<b>Outstanding at December 31, 2019</b>	<b>19,686,731</b>	<b>0.19</b>	
Issued via unit issuance	7,606,250	0.12	March 2022
Issued via unit issuance via conversion of convertible notes	5,819,503	0.12	March 2022
Issued as stock-based compensation	500,000	0.10	June 2025
Issued as transaction fees	827,916	0.11	March 2022 and December 2024
Expired	(300,000)	0.13	April and October 2020
<b>Outstanding at December 31, 2020</b>	<b>34,140,400</b>	<b>0.16</b>	
<b>Outstanding at March 31, 2021</b>	<b>34,140,400</b>	<b>0.16</b>	

No warrants were exercised during the three months ended March 31, 2021 or the year ended December 31, 2020. The weighted average remaining life of all warrants outstanding at March 31, 2021 is 1.14 years (December 31, 2020 – 1.30 years).

The fair value of the warrants used in the input into the bifurcation of units and of other warrants issued was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

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	<b>Three months ended March 31, 2021</b>	<b>Year ended December 31, 2020</b>
Fair Value of warrants	\$0.026	\$0.026
Exercise Price	\$0.12	\$0.12
Share Price	\$0.067	\$0.067
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	0.63%	0.63%
Expected life of warrants	2 years	2 years
Expected volatility	100.00%	100.00%

#### 10. CONTRIBUTED SURPLUS

Contributed surplus is used to recognize the fair value of stock options granted. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital.

<b>Contributed Surplus</b>	<b>\$</b>
<b>Balance, December 31, 2019</b>	<b>3,180,746</b>
Stock-based compensation expense	250,115
Capital contribution	95,565
Expired warrants	14,923
<b>Balance, December 31, 2020</b>	<b>3,541,349</b>
<b>Balance, March 31, 2021</b>	<b>3,541,349</b>

The Corporation has a stock option plan ("the Plan") under which the Board of Directors of the Corporation may grant to directors, officers, employees and others providing services to the Corporation, non-transferable options to purchase common shares, exercisable for a period of five to seven years from the date of grant.

A summary of the Plan transactions for the three months ended March 31, 2021 and for the year ended December 31, 2020 are as follows:

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Number of Options</b>	<b>Weighted average exercise price</b>
<b>Outstanding at beginning of period</b>	6,615,000	0.11	4,630,000	0.14
Options granted	-	-	6,015,000	0.10
Options expired	(600,000)	0.10	(4,030,000)	0.13
<b>Outstanding at end of period</b>	<b>6,015,000</b>	<b>0.10</b>	<b>6,615,000</b>	<b>0.11</b>
<b>Exercisable at end of period</b>	<b>6,015,000</b>	<b>0.10</b>	<b>6,615,000</b>	<b>0.11</b>

The weighted average remaining life of all options outstanding at March 31, 2021 is 3.12 years (December 31, 2020 – 3.36 years).

No options were exercised during the three months ended March 31, 2021 or the year ended December 31, 2020.

**11. FINANCE EXPENSE**

	Three months ended	
	March 31	
	2021	2020
	\$	\$
Interest on term loans	-	1,485
Interest on convertible notes	2,951	25,594
Interest on lease liability	768	2,662
Other finance expense	1,217	2,127
	<b>4,936</b>	<b>31,868</b>

**12. RELATED PARTY TRANSACTIONS AND PERSONNEL COSTS**

The Corporation considers its key management personnel to be its Chief Executive Officer; Chief Financial Officer; and directors. Key management compensation is comprised of payroll, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the three months ended March 31, 2021, key management compensation amounted to \$40,198 (three months ended March 31, 2020 - \$33,957), split between general and administrative, marketing and customer operations, research and development expenses and stock-based compensation based on work performed.

The Corporation incurred interest expense of \$nil on term loans and convertible notes held by key management personnel during the three months ended March 31, 2021 (three months ended March 31, 2020 - \$24,315). Key management personnel have accrued liabilities owing from the Corporation, including payroll and vacation accruals, in the amount of \$508,942 at March 31, 2021 (December 31, 2020 - \$673,527) and hold term loans and convertible notes payable from the Corporation totaling \$10,400 at March 31, 2021 (December 31, 2020 – \$10,400). These notes were issued in the normal course of business.

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total \$433,293 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$366,930), split between general and administrative, marketing and customer operations, and research and development expenses, based on work performed.

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Due to the short-term nature of cash, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. The carrying amounts of the term loans, convertible notes, and lease liability approximate their fair value due either to the interest rate approximating market rates or because of the short period to maturity.