



Unaudited Interim Condensed Consolidated Financial Statements of

HUNTER TECHNOLOGY CORP.

Three and Six Months Ended June 30, 2021 and 2020

(Expressed in US Dollars)

HUNTER TECHNOLOGY CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), 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 accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

August 27, 2021

HUNTER TECHNOLOGY CORP.

Condensed Consolidated Statements of Financial Position (Unaudited)
(all amounts expressed in US dollars)

| | Notes | June 30, 2021 | December 31, 2020 |
|---|-------|------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 239,319 | \$ 1,665,936 |
| Receivables | | 9,230 | 40,343 |
| Prepaid expenses and deposits | | 102,462 | 38,765 |
| | | 351,011 | 1,745,044 |
| Non-current assets | | | |
| Intangible assets | 6 | 4,154,260 | 4,727,010 |
| Goodwill | 6 | 5,271,274 | 5,271,274 |
| Equipment | 7 | 9,341 | 4,720 |
| Right-of-use assets | 8 | 115,902 | - |
| Restricted cash | 5 | 27,406 | 27,302 |
| | | 9,578,183 | 10,030,306 |
| Total Assets | | \$ 9,929,194 | \$ 11,775,350 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable | | \$ 237,709 | \$ 467,028 |
| Accrued liabilities | 9 | 241,654 | 198,624 |
| Lease liabilities | 8 | 115,835 | - |
| | | 595,198 | 665,652 |
| Non-current liabilities | | | |
| Deferred tax liability | | 661,526 | 756,030 |
| | | 661,526 | 756,030 |
| Total liabilities | | 1,256,724 | 1,421,682 |
| Shareholders' Equity | | | |
| Share capital | 11 | 122,029,845 | 122,029,845 |
| Contributed Surplus | | 9,912,163 | 9,584,080 |
| Accumulated deficit | | (123,271,036) | (121,260,257) |
| Accumulated other comprehensive income | | 1,498 | - |
| Total shareholders' equity | | 8,672,470 | 10,353,668 |
| Total Liabilities and Shareholders' Equity | | \$ 9,929,194 | \$ 11,775,350 |

Liquidity and going concern (See Note 2)

Approved by the Board of Directors:

/s/ Konstantino Ghertsos

Konstantino Ghertsos
Director

/s/ Florian M. Spiegl

Florian M. Spiegl
Director

See accompanying notes to the consolidated financial statements

HUNTER TECHNOLOGY CORP.

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(all amounts expressed in US dollars)

| | Note | Three Months Ended | | Six Months Ended | |
|---|------|---------------------|--------------------|-----------------------|---------------------|
| | | June 30, | | June 30, | |
| | | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | | |
| General and administrative | 16 | \$ 157,429 | \$ 18,250 | \$ 363,497 | \$ 51,742 |
| Management fees and consulting | 12 | 45,985 | 93,001 | 112,485 | 191,175 |
| Salaries and wages | | 59,735 | - | 243,988 | - |
| Platform development | 17 | 314,682 | - | 484,480 | - |
| Foreign currency loss/(gain) | | - | (33,869) | - | 50,534 |
| Amortization of intangibles | 6 | 286,375 | - | 572,750 | - |
| Stock-based compensation | 11 | 137,882 | - | 328,083 | - |
| Total expenses | | <u>1,002,088</u> | <u>77,382</u> | <u>2,105,283</u> | <u>293,451</u> |
| Loss before taxes | | <u>(1,002,088)</u> | <u>(77,382)</u> | <u>(2,105,283)</u> | <u>(293,451)</u> |
| Deferred income tax recovery | | (47,252) | - | (94,504) | - |
| Net loss for the period | | <u>(954,836)</u> | <u>(77,382)</u> | <u>(2,010,779)</u> | <u>(293,451)</u> |
| Other comprehensive (income)/loss | | | | | |
| Foreign currency translation adjustment | | 457 | - | (1,498) | - |
| Total comprehensive loss | | <u>\$ (955,293)</u> | <u>\$ (77,382)</u> | <u>\$ (2,009,281)</u> | <u>\$ (293,451)</u> |
| Total comprehensive loss per share – basic and diluted | | <u>\$ (0.02)</u> | <u>\$ (0.01)</u> | <u>\$ (0.04)</u> | <u>\$ (0.01)</u> |
| Weighted average number of common shares outstanding – basic and diluted | | 45,334,655 | 19,891,118 | 45,334,655 | 19,891,118 |

See accompanying notes to the consolidated financial statements

HUNTER TECHNOLOGY CORP.

Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(all amounts expressed in US dollars)

| | Notes | Number of common shares | Common shares \$ | Contributed surplus \$ | Accumulated other comprehensive income \$ | Deficit \$ | Total \$ |
|--|-------|-------------------------------|------------------------|------------------------------|---|----------------------|-------------------|
| Balances, December 31, 2019 | | 19,891,118 | 111,816,074 | 9,506,990 | - | (120,166,818) | 1,156,246 |
| Comprehensive loss for the period | | - | - | - | - | (293,451) | (293,451) |
| Balances, June 30, 2020 (unaudited) | | 19,891,118 | 111,816,074 | 9,506,990 | - | (120,460,269) | 862,795 |
| Shares issued for | | | | | | | |
| Private Placement | 10 | 13,333,333 | 1,528,674 | - | - | - | 1,528,674 |
| Acquisition of FinFabrik | 4 | 12,110,204 | 8,685,097 | - | - | - | 8,685,097 |
| Stock-based compensation | | - | - | 77,090 | - | - | 77,090 |
| Comprehensive loss for the period | | - | - | - | - | (799,988) | (799,988) |
| Balances, December 31, 2020 | | 45,334,655 | 122,029,845 | 9,584,080 | - | (121,260,257) | 10,353,668 |
| Stock based compensation | 11 | - | - | 328,083 | - | - | 328,083 |
| Foreign currency translation | | - | - | - | 1,498 | - | 1,498 |
| Net loss for the period | | - | - | - | - | (2,010,779) | (2,010,779) |
| Balances, June 30, 2021 | | 45,334,655 | 122,029,845 | 9,912,163 | 1,498 | (123,271,036) | 8,672,470 |

See accompanying notes to the consolidated financial statements

HUNTER TECHNOLOGY CORP.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(all amounts expressed in US dollars)

| | Six Months Ended June 30, | |
|--|------------------------------|-------------------|
| | 2021 | 2020 |
| Operating activities | | |
| Net loss from continuing operations | \$ (2,010,779) | \$ (293,451) |
| Add/(Deduct) non-cash items: | | |
| Amortization of intangibles | 572,750 | - |
| Amortization of leased property | 38,658 | - |
| Depreciation | 1,254 | - |
| Bad debt | 18,320 | - |
| Deferred income tax recovery | (94,504) | - |
| Stock-based compensation | 328,083 | - |
| Loss on disposal of equipment | 4,720 | - |
| Changes in working capital (Note 15) | (237,193) | (2,455) |
| Cash used in operations | (1,378,691) | (295,906) |
| Investing activities | | |
| Investments in long-term assets | - | (15,010) |
| Purchase of property, plant and equipment | (10,601) | - |
| Cash used in investing activities | (10,601) | (15,010) |
| Financing activities | | |
| Payment of lease liabilities | (38,860) | - |
| Cash used in financing activities | (38,860) | - |
| Change in cash | (1,428,152) | (310,916) |
| Cash, beginning of period | 1,665,936 | 1,111,717 |
| Effect on foreign exchange rate changes, net | 1,535 | - |
| Cash, ending of period | \$ 239,319 | \$ 800,801 |

See accompanying notes to the consolidated financial statements

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

1. Nature of Operations

Hunter Technology Corp., (the “Company”) is incorporated in British Columbia, Canada. The Company’s primary operations is technology development of its two primary platforms (“**Platforms**”) focused on and targeted at the physical oil market. First, the Company is developing a physical oil trading platform “**OilEx**” to enable independent crude oil producers to access a global market. Second, a supply chain intelligence service “**OilExchange**” providing analytical and market data tools. The Company’s registered address is Suite 1800 – 510 West Georgia St., Vancouver, BC, V6B 0M3, Canada. On November 2, 2020, the Company forward split its share capital by issuing three (3) new common share without par value for every two (2) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share split. (Note 9). The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “HOC”, quoted on the OTC Markets Group (“OTCQB”) under the symbol “HOILF”, and quoted on the Frankfurt Stock Exchange under the symbol “RWPM”. The Company’s CUSIP number is 445737109 and its new ISIN is CA4457371090.

2. Going Concern

These unaudited interim consolidated financial statements are prepared on the basis that the Company will continue to operate as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the twelve-month period following the date of these consolidated financial statements. It also assumed that the Company will be successful in obtaining additional funds and financing to enable the Company to continue its operations, deploy its Platforms, realize its assets and discharge its liabilities. The Company has an accumulated deficit of \$123,271,036 and a negative working capital of \$244,187 as at June 30, 2021. For the six months ended June 30, 2021, the Company had negative cash flows from operations of \$1,378,691.

The Company also expects to incur further losses during the future development of its business. The Company’s ability to continue as a going concern is heavily dependent upon its ability to imminently raise additional capital from equity or debt financing options, successfully launch its technology platforms and achieve profitable operations. Although the Company has been successful in obtaining financing in the past, there is no assurance that it will be able to obtain adequate financing in the near future or that such financing will be on terms acceptable to the Company.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will be able to generate positive cashflows from operations, investments or financing. Additional funds will be required to enable the Company to successfully deploy its Platforms and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. These unaudited interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

3. Basis of Presentation and Significant Accounting Policies

- a) **Statement of Compliance** - These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim condensed financial statements, including International Accounting Standard 34, “Interim Financial Reporting.” The Company has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2020, which are available on the Company’s website at www.huntertechnology.com. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended

December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies applied in these unaudited interim consolidated financial statements are based on IFRS issued and outstanding as of August 27, 2021, the date the Company’s Board of Directors approved the statements.

b) Basis of Presentation

- i. **Basis of Measurement** – These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these unaudited interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.
- ii. **Functional and Presentation Currency** – These unaudited interim condensed consolidated financial statements are presented in United States dollars, unless otherwise indicated. Items included in the unaudited condensed interim consolidated financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency is the United States dollar.
- c) **Basis of Measurement and Estimation Uncertainty** – The timely preparation of the unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the unaudited interim condensed consolidated financial statements, and the amount of revenues and expenses. Accordingly, actual results may differ from these estimates. See Note 4 for areas of estimation and judgement that management considers most significant.

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

3. Basis of Presentation and Significant Accounting Policies (cont'd)

- d) **Principles of Consolidation** - The consolidated financial statements of the Company include the financial information of Hunter Technology Corp. (the “Parent Company”) and its wholly-owned subsidiaries. Intercompany balances and transactions are eliminated upon consolidation. The following table lists the Company’s principal operating subsidiaries, their jurisdiction of incorporation and its percentage ownership as of the date of this report:

| Subsidiary Name | Jurisdiction | Ownership 2021 | Ownership 2020 |
|---|---------------------|----------------|----------------|
| FinFabrik Limited ⁽¹⁾ | Hong Kong | 100% | 0% |
| FinFabrik (ShenZhen) Limited ^{(1) (2)} | China | 0% | 0% |
| Hunter Technology Holdings Ltd. ⁽³⁾ | England & Wales, UK | 100% | 0% |
| Digiledger Holdings AG ⁽⁴⁾ | Switzerland, Baar | 100% | 0% |
| Hunter Oil Management Corp. | Florida, USA | 100% | 100% |
| Hunter Oil Production Corp. | Florida, USA | 100% | 100% |

(1) Acquired December 31, 2020 (See Note 6)

(2) Entity formally dissolved during the six months ended June 30, 2021

(3) Entity formed September 23, 2020

(4) Entity formed November 20, 2020

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

4. Acquisition

On December 31, 2020, the Company acquired all the outstanding and issued shares of FinFabrik Limited (“FinFabrik”), a financial technology development company based in Hong Kong. The total consideration was paid by the issuance of 12,110,204 common shares of the Company, and \$250,000 in cash.

At the time of the acquisition, the Company determined that FinFabrik constituted a business, as defined under IFRS 3, Business Combinations, and accounted for it as such. The Company has recognized the identifiable assets acquired and liabilities assumed at their fair values on the acquisition date.

The following table presents the purchase price allocations at the acquisition date:

| | | |
|---|-----------|--------------------|
| Consideration paid: | | |
| Cash | \$ | 250,000 |
| Shares | | 8,685,097 |
| Total consideration paid | \$ | 8,935,097 |
| Less: Value of net assets acquired | | |
| Assets | | |
| Cash | \$ | 48,271 |
| Other receivables | | 22,771 |
| Prepaid expenses | | 18,463 |
| Due from related parties | | 2,531 |
| Equipment | | 4,720 |
| Intangible assets | | 4,582,000 |
| Goodwill | | 5,271,274 |
| Total assets | \$ | 9,950,030 |
| Liabilities | | |
| Accounts payable | \$ | (108,010) |
| Payments received in advance | | (150,893) |
| Deferred tax liability | | (756,030) |
| Total liabilities | \$ | (1,014,933) |
| Net assets acquired | \$ | 8,935,097 |

The value of the common shares was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restrictions.

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies with the Company.

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements

(All amounts in US dollars unless otherwise indicated)

For the Six Months ended June 30, 2021 and 2020

5. Restricted Cash

Restricted cash is comprised of cash escrowed amounts and certificates of deposit at banks which are pledged to secure a well site reclamation project in Canada (Note 9).

The following table summarizes restricted cash balances:

| | <u>June 30,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|--|--------------------------------|------------------------------------|
| Bank deposits pledged to secure asset retirement obligations | \$ 27,406 | \$ 27,302 |

6. Intangible Asset and Goodwill

a) Intangible Assets

| | <u>Domains</u> | <u>Technology</u> <u>Platforms</u> | <u>TOTAL</u> |
|---------------------------------|-------------------|---------------------------------------|---------------------|
| Cost | | | |
| Balance, December 31, 2020 | \$ 145,010 | \$ 4,582,000 | \$ 4,727,010 |
| Additions | - | - | - |
| Balance, June 30, 2021 | \$ 145,010 | \$ 4,582,000 | \$ 4,727,010 |
| Accumulated amortization | | | |
| Balance, December 31, 2020 | \$ - | \$ - | \$ - |
| Additions | - | (572,750) | (572,750) |
| Balance, June 30, 2021 | \$ - | \$ (572,750) | \$ (572,750) |
| Net book value | | | |
| At December 31, 2020 | \$ 145,010 | \$ 4,582,000 | \$ 4,727,010 |
| At June 30, 2021 | \$ 145,010 | \$ 4,009,250 | \$ 4,154,260 |

b) Goodwill

On December 31, 2020, the Company recognized goodwill of \$5,271,274 resulting from the acquisition of FinFabrik (Note 4). There have been no changes to the carrying balance as at June 30, 2021.

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Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

7. Equipment

| | Computer Hardware |
|---------------------------------|------------------------------|
| Cost | |
| Balance, December 31, 2020 | \$ 4,720 |
| Additions | 10,601 |
| Dispositions | (4,720) |
| Foreign exchange adjustments | (7) |
| Balance, June 30, 2021 | \$ 10,594 |
| Accumulated Depreciation | |
| Balance, December 31, 2020 | \$ - |
| Additions | (1,254) |
| Foreign exchange adjustments | 1 |
| Balance, June 30, 2021 | \$ (1,253) |
| Net book value | |
| At December 31, 2020 | \$ 4,720 |
| At June 30, 2021 | \$ 9,341 |

8. Lease

In April 2021, the Company commenced a lease agreement with monthly lease payments of HK\$100,537 for an office property that carry terms of 1 year with an option to renew on expiration. Under IFRS 16, the Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using a risk-free interest rate of 1.4% which was referenced against the average yields of Canadian Government Bonds with 1 to 3 Years of maturity, as the Company has no external borrowing at June 30, 2021.

Amounts recognized in the consolidated statement of financial position related to leases for which the Company is a lessee are presented below:

Set out below are the carrying amounts of the Company's right-of-use assets recognized and the movements during the six months ended June 30, 2021.

| | Leased Property |
|---------------------------------|------------------------|
| Cost | |
| Balance, December 31, 2020 | \$ - |
| Additions | 154,633 |
| Foreign exchange adjustments | (97) |
| Balance, June 30, 2021 | \$ 154,536 |
| Accumulated Amortization | |
| Balance, December 31, 2020 | \$ - |
| Amortization | (38,658) |
| Foreign exchange adjustments | 24 |
| Balance, June 30, 2021 | \$ (38,634) |
| Net book value | |
| At December 31, 2020 | \$ - |
| At June 30, 2021 | \$ 115,902 |

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

8. Lease (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the six months ended June, 30, 2021.

| | Lease Liabilities |
|------------------------------------|--------------------------|
| Balance, December 31, 2020 | \$ - |
| Additions | 154,275 |
| Interest expense | 492 |
| Payment | (38,860) |
| Foreign exchange adjustments | (72) |
| Carry amount, June 30, 2021 | \$ 115,835 |

9. Accrued Liabilities

| | June 30, 2021 | December 31, 2020 |
|------------------------------|----------------------|--------------------------|
| Well site reclamation | \$ 47,277 | \$ 47,757 |
| Payments received in advance | 150,651 | 150,867 |
| Other accrued expenses | 43,726 | - |
| | \$ 241,654 | \$ 198,624 |

The Company has an obligation to complete a well site reclamation for a historical lease arrangement in Alberta, Canada. The Company continues reclamation evaluation activities with its environmental consultants. As at June 30, 2021 the Company currently had \$47,277 accrued for potential final reclamation costs and certifications. Upon final regulatory approval, the restricted cash (See Note 5) shall be returned to the Company.

Through the acquisition of FinFabrik, the Company entered into collaborative arrangements in connection to the development of certain online platforms. As of June 30, 2021, the balance of payments received in advance is \$150,651 (2020 - \$Nil) and is to be applied against expenses incurred in the subsequent period in relation to the collaborative arrangements.

10. Share Capital

On November 2, 2020, the Company forward split its share capital by issuing three (3) new common shares without par value for every two (2) existing common shares without par value basis. All references to common shares and stock options have been retrospectively adjusted to reflect the share split.

Authorized Shares – The Company is authorized to issue an unlimited number of common shares of non par value and up to 25 million preferred shares of no par value.

Issued and Outstanding – As at June 20, 2021 the Company had 45,334,655 common shares outstanding (2020 – 19,891,118).

Private Placement - On November 2, 2020, the Company completed a private placement of 13,333,333 common shares for gross proceeds of \$1,528,674.

FinFabrik Acquisition - On December 31, 2020, the Company acquired all the outstanding shares of FinFabrik. As partial consideration for the acquisition, the Company issued 12,110,204 common shares with a fair value of \$8,685,097. (See Note 4)

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements

(All amounts in US dollars unless otherwise indicated)

For the Six Months ended June 30, 2021 and 2020

11. Stock Options

The Company records stock-based compensation expense in the consolidated financial statements for stock options granted using the fair value method. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. Depending on the terms of vesting for each option, compensation expense is recognized over the vesting period, which ranges from vesting on the day of the grant to scheduled vesting over three (3) years.

The Company's option activities were as follows:

| | Number of Options |
|---------------------------------------|------------------------------|
| Outstanding, December 31, 2020 | 2,880,000 |
| Granted | - |
| Forfeited | (965,000) |
| Outstanding, June 30, 2021 | 1,915,000 |

During the period ended June 30, 2021, the Company recorded stock-based compensation expense of \$328,083 (2020 - \$nil) relating to the vesting of the stock options.

Options outstanding as June 30, 2021 were as follows:

| Exercise Price | Outstanding | | Exercisable | |
|----------------|----------------------|---|----------------------|---|
| | Number of Options | Weighted Average Remaining Contractual Life (years) | Number of Options | Weighted Average Remaining Contractual Life (years) |
| \$0.75 (CAD) | 965,000 | 2.38 | 321,667 | 2.38 |
| \$1.09 (CAD) | 50,000 | 2.42 | 50,000 | 2.42 |
| \$0.90 | 900,000 | 2.48 | 300,000 | 2.48 |
| | 1,915,000 | 2.43 | 671,667 | 2.43 |

HUNTER TECHNOLOGY CORP.

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(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

12. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The following table summarizes compensation paid or payable to officers and directors of the Company, including the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer:

| | Six Months Ended June 30, | |
|------------------------------------|---------------------------|------------|
| | 2021 | 2020 |
| Salaries, bonus, benefits and fees | \$ 261,988 | \$ 36,000 |
| Management fees | 86,000 | 155,175 |
| Total | \$ 347,988 | \$ 191,175 |

As at June 30, 2021, included in accounts payable is \$26,939 owed to related parties for salaries; whilst a total \$5,365 was included in accounts payable as at June 30, 2020. There were no amounts due from related parties as at June 30, 2021. During the six months ended June 30, 2021, the Company incurred Management fees from transactions with two former related parties identified below:

The Company was party to a management services agreement with a company controlled by the Company's former Executive Chairman. The Company incurred \$20,000 in management fees, office rent and office expenses during the six months ended June 30, 2021 and (2020 - \$120,000). The management services agreement operated on a month-to-month basis.

The Company also incurred management consulting fees of \$66,000 paid to a company controlled by the Company's former CFO during the six months ended June 30, 2021 (2020 - \$35,175).

13. Fair Value Measurements

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data.

The Company has determined that the carrying value of its short-term financial assets and liabilities (cash, restricted cash, receivables, accounts payable and accrued liabilities) approximates fair value due to the short-term maturity of these financial instruments.

HUNTER TECHNOLOGY CORP.

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(All amounts in US dollars unless otherwise indicated)
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14. Risk Management

The technology development industry is highly competitive and, in addition, exposes the Company to a number of risks. Technological development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. It is also highly capital intensive and the ability to complete a development project may be dependent on the Company's ability to raise additional capital and attracting suitable yet affordable human capital. In certain cases, this may be achieved only through joint ventures or other relationships, which would reduce the Company's ownership interest in the project. There is no assurance that development operations will prove successful.

Risks Associated with Financial Assets and Liabilities – The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risks (such as commodity prices, foreign exchange and interest rates), credit risk and liquidity risk. The future cash flows of financial assets or liabilities may fluctuate due to movements in market prices and the exposure to credit and liquidity risks. Disclosures relating to exposure risk are provided in detail as follows:

Credit Risk - Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments exposed to concentrations of credit risk are primarily cash and cash equivalents, including restricted cash, and accounts receivable. The Company has little exposure to credit risk as all of its deposits and related receivable are with major financial institutions or government related receivables.

Liquidity Risk - Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, and it is one of the most significant risks for the Company. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet liabilities when due. At June 30, 2021, the Company had cash of \$239,319, excluding restricted cash of \$27,406, and the Company also had negative working capital of \$244,187. The Company is heavily dependent on raising funds by borrowings, equity issues, or asset sales to finance its ongoing operations, capital expenditures and acquisitions. The contractual maturity of the majority of accounts payable is within three months or less. The Company has historically financed its expenditures and working capital requirements through the sale of common stock or, on occasion, through the issuance of short-term debt; there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Foreign Exchange Risk - Substantially all of the Company's assets and expenditures are either denominated in or made with US dollars or Hong Kong Dollars. Considering this and the current US Hong Kong dollar currency peg, the Company has very limited exposure to foreign exchange risk in relation to existing commitments or assets denominated in a foreign currency. The Company also incurs administrative expenses in Canadian dollars, but has chosen not to enter into any foreign exchange contracts since its Canadian dollar working capital balances are not significant to the consolidated entity.

HUNTER TECHNOLOGY CORP.

Notes to Consolidated Financial Statements
(All amounts in US dollars unless otherwise indicated)
For the Six Months ended June 30, 2021 and 2020

15. Supplemental Cash Flow Information

The changes in non-cash working capital are comprised of:

| | Six Months Ended June 30, | |
|-------------------------------|---------------------------|------------|
| | 2021 | 2020 |
| Receivables | \$ 31,113 | \$ (253) |
| Prepaid expenses and deposits | (82,017) | (10,145) |
| Accounts payable | (229,319) | 8,282 |
| Accrued liabilities | 43,030 | - |
| Other | - | (339) |
| Total | \$ (237,193) | \$ (2,455) |

16. General and Administrative Expenses

| | Six Months Ended June 30, | |
|--------------------------------|---------------------------|-----------|
| | 2021 | 2020 |
| Accounting & Audit | \$ 68,713 | \$ 9,280 |
| Advertising and communications | 124,422 | - |
| Legal | 71,231 | - |
| Office and general | 46,433 | 23,923 |
| Regulatory | 42,698 | 18,539 |
| Travel and accommodation | 10,000 | - |
| Total | \$ 363,497 | \$ 51,742 |

17. Platform Development Expense

The Company incurred various costs directly related to the development of its Platforms. The Company expenses these costs through profit and loss until such time that these intangible assets meet the criteria for recognition outlined in IAS 38. A summary of the costs incurred for the six-month comparative periods is as follows:

| | Six Months Ended June 30, | |
|---------------------------------|---------------------------|------|
| | 2021 | 2020 |
| Consultants | \$ 55,197 | \$ - |
| Amortization of leased property | 38,658 | - |
| Depreciation | 1,254 | - |
| Office & general | 19,391 | - |
| Professional fees | 23,601 | - |
| Rent | 20,621 | - |
| Software & IT services | 8,223 | - |
| Wages & salaries | 312,815 | - |
| Loss on asset disposal | 4,720 | - |
| Total | \$ 484,480 | \$ - |