extractX Ltd.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2021 AND 2020 AND AS AT SEPTEMBER 30, 2021

extractX Ltd.

Condensed Interim Consolidated Statements of Financial Position
(unaudited)

	December 31, 2021	September 30, 2021
ASSETS		
Current Assets		
Cash	$ 463,733	$ 1,141,761
Accounts receivable (note 5)	366,233	684,864
Sales tax recoverable	29,692	11,843
Corporate income taxes recoverable	30,181	30,331
Prepaid expenses	80,511	19,396
	970,350	1,888,195
Equipment (note 6)	4,502,584	4,513,987
Intangible Assets (note 7)	8,654	9,110
	$ 5,481,588	$ 6,411,292
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 8)	$ 353,320	$ 517,827
Deposits on contracts	697,290	828,165
Current portion of long term debt (note 9)	1,534	1,534
	1,052,144	1,347,526
Long Term Debt (note 9)	32,504	32,880
Deferred Contributions (note 10)	1,064,603	1,084,640
	2,149,251	2,465,046
SHAREHOLDERS' EQUITY		
Common shares (note 11)	8,639,807	7,235,504
Warrants reserve (note 11)	-	-
Share based payments reserve (note 11)	807,156	530,534
Accumulated other comprehensive income (loss)	(288)	(3,440)
Deficit	(6,114,338)	(3,816,352)
	3,332,337	3,946,246
	$ 5,481,588	$ 6,411,292

Lease Commitments (note 13)
World Economic Condition (note 18)
Subsequent Events (note 19)

Approved by: " Albert Iannantuono " Director   "Peter Manuel" Director

The accompanying notes are an integral part of these financial statements

extractX Ltd.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020
REVENUE		
Extraction processing revenue from contracts	$ 224,880	$ -
DIRECT EXPENSES		
Salary and benefits - extraction processing	81,117	34,351
Extraction processing supplies	18,642	4,228
	99,759	38,579
CONTRIBUTION	125,121	(38,579)
EXPENSES		
Salary and benefits - corporate and operations	170,346	129,310
Director, staff and service provider stock options	276,622	-
Shop supplies	-	580
Rent and utilities - office and shop	22,944	18,500
Repairs and maintenance	9,317	7,700
Amortization - mobile extraction units	109,998	86,375
Amortization - research and development tax credit	(11,858)	(21,906)
Amortization - contributed material	(8,179)	-
Amortization - tools, equipment, mobile office and computers	5,269	2,774
Accounting, auditing, payroll and bookkeeping fees	19,557	24,519
Legal fees	7,500	14,966
Contract staffing, advisors and consulting fees	75,271	122,361
Office expenses	25,317	6,175
Insurance	25,068	3,190
Interest and bank charges	2,605	676
Interest on long term debt	145	-
Advertising and promotion	20,041	-
Internet, website hosting and technology licences	5,151	785
Amortization - website development	456	457
Marketing materials	7,809	3,500
Telephone	3,215	1,409
Travel and conferences	11,179	2,432
Vehicle and transportation	7,279	1,726
	785,052	405,529
NET LOSS BEFORE OTHER INCOME (EXPENSE)	(659,931)	(444,108)
OTHER INCOME (EXPENSE)		
Other income (expense) (note 12)	1,147	111,589
Cost of reverse takeover acquisition (note 12)	(1,639,202)	-
	(1,638,055)	111,589
NET LOSS FOR THE PERIOD BEFORE INCOME TAX (EXPENSE) RECOVERY	(2,297,986)	(332,519)
INCOME TAX (EXPENSE) RECOVERY	-	-
NET LOSS FOR THE PERIOD	(2,297,986)	(332,519)
OTHER COMPREHENSIVE INCOME		
Foreign translation gain (loss)	3,152	-
COMPREHENSIVE LOSS FOR THE PERIOD	$ (2,294,834)	$ (332,519)
Basic and diluted loss per common share	$ (0.093)	$ (0.015)
Weighted average number of common shares	24,752,970	22,425,649

The accompanying notes are an integral part of these financial statements

extractX Ltd.

Condensed Interim Consolidated Statements of Shareholders' Equity

(unaudited)

	Number of Shares	Common Shares $	Warrants Reserve $	Share-based Payments Reserve $	Accumulated Other Comprehensive Income $	Deficit $	Total Shareholder's Equity $
Balance October 1, 2020	22,028,500	4,379,755	-	-	-	(1,002,384)	3,377,371
Issuance of common shares for cash	794,298	1,588,596	-	-	-	-	1,588,596
Comprehensive gain (loss)	-	-	-	-	-	(332,519)	(332,519)
Balance December 31, 2020	22,822,798	5,968,351	-	-	-	(1,334,903)	4,633,448
Balance October 1, 2021	23,391,059	7,235,504	-	530,534	(3,440)	(3,816,352)	3,946,246
Issuance of common shares to complete the reverse takeover	1,336,803	1,336,803	-	-	-	-	1,336,803
Common shares held by company cancelled	(78,394)	-	-	-	-	-	-
Share based compensation	30,000	67,500	-	276,622	-	-	344,122
Comprehensive gain (loss)	-	-	-	-	3,152	(2,297,986)	(2,294,834)
Balance December 31, 2021	24,679,468	8,639,807	-	807,156	(288)	(6,114,338)	3,332,337

The accompanying notes are an integral part of these financial statements

extractX Ltd.

Condensed Interim Consolidated Statements of Cash Flow

(unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020
OPERATING ACTIVITIES		
Net loss for the period	$ (2,297,986)	$ (332,519)
Items not affecting cash		
Staff and service provider stock options	276,622	-
Amortization of equipment and intangible assets - net of credits	95,686	67,700
Cost of reverse takeover acquisition	1,639,202	-
	(286,476)	(264,819)
Changes in non-cash operating assets and liabilities		
Accounts receivable	39,036	(311,662)
Sales tax recoverable	(17,849)	60,854
Corporate income taxes recoverable	150	-
Prepaid expenses	(61,115)	-
Accounts payable and accrued liabilities	(97,007)	(537,693)
Corporate income tax payable	-	(30,225)
Deposits on contracts	(130,875)	57,590
	(554,136)	(1,025,955)
INVESTING ACTIVITIES		
Acquisition of net assets through reverse takeover	(22,804)	-
Equipment constructed or purchased	(103,864)	-
Research and development tax credits received	-	438,112
	(126,668)	438,112
FINANCING ACTIVITIES		
Repayment of long-term debt	(376)	(20,000)
Common shares and units issued for cash	-	1,588,596
	(376)	1,568,596
OTHER ACTIVITIES		
Foreign currency translation gain (loss)	3,152	-
INCREASE (DECREASE) IN CASH FOR THE PERIOD	(678,028)	980,753
CASH BALANCE AT BEGINNING OF PERIOD	1,141,761	478,112
CASH BALANCE AT END OF PERIOD	$ 463,733	$ 1,458,865
Non-cash transactions		
Repayment of accounts payable through issuance of common shares	$ 67,500	$ -

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

extractX Ltd. ("EXL" or the "Company"), which was incorporated on August 1, 2001 under the laws of the Province of Ontario as Andromeda Media Capital Corporation Limited, changed its name to Tri-Media Integrated Marketing Technologies Inc. on May 6, 2005 by filing Articles of Amendment and then changed its name again to extractX Ltd. on September 15, 2021 by filing Articles of Amendment.

On October 1, 2021, extractX Ltd. and its 100% wholly owned subsidiary 12491613 Canada Inc. entered into an amalgamation agreement with extractX Incorporated to constitute and complete the acquisition of extractX Incorporated by extractX Ltd. The filed Articles of Amalgamation name the new entity created upon the amalgamation of 12491613 Canada Inc. and extractX Incorporated, extractX Inc.

The Company is primarily engaged in the design, build and operation of industrial scale mobile extraction laboratories built to GPP/GMP/EU-GMP standards; purpose built to service cultivators and producers at their facility anywhere around the world through the Company and its wholly owned subsidiaries extractX Inc. and extractX USA Inc., a company incorporated under the laws of the State of Delaware in the United States of America.

The Company maintains a leased manufacturing facility in Winnipeg, Manitoba, Canada and office space in Welland, Ontario where the sales and administration activities take place.

The registered head office is located at 1027 South Pelham Road, Unit 2, Welland, Ontario, Canada L3C 3E2.

2. BASIS OF PRESENTATION

Statement of Compliance
These condensed interim consolidated financial statements of extractX Ltd. as at December 31, 2021 and September 30, 2021 and for the three months ended December 31, 2021 and December 31, 2020, have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial statements and should be read in conjunction with the audited financial statements of extractX Incorporated for three months ended September 30, 2021, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The same accounting policies and methods of computation are followed in the condensed interim consolidated financial statements as compared with the above noted annual financial statements.

The consolidated financial statements as at December 31, 2021 and for the three months then ended were approved and authorized for issue by the Board of Directors on February 28, 2022.

Basis of Consolidation

Entities in which the Company has control in are consolidated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and expose itself to the variable returns from the entity's activities. The consolidated financial statements include the results of controlled entities from the date that control commences until the date that control ceases.

The only entity the Company has control in and thus consolidated, is its wholly owned subsidiary extractX Inc. and its wholly owned subsidiary, extractX USA Inc.

The consolidated financial statements include the accounts of the Company, extractX Inc. and extractX USA Inc.
As at December 31, 2021 and September 30, 2021 and the three months ended December 31, 2021 and December 31, 2020, except for the results of ExtractX Ltd. which are only included from the date of the reverse takeover of October 1, 2021 as described in Note 12.

Basis of Measurement

The consolidated financial statements have been prepared on an accrual and going concern basis, under the historical cost convention except for certain financial instruments which are measured at fair value, as described in the summary of significant accounting policies Note 3.

Presentation and Functional Currency

The consolidated financial statements and the accompanying notes are presented in Canadian dollars which is the functional currency of the primary economic environment in which the parent company, extractX Ltd. and the subsidiary, extractX Inc. operates. extractX USA Inc.'s functional currency of the primary economic environment in which it operates, is the United States dollar.

Estimates and Judgments

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign Currency Translation
Any transactions in a currency other than the respective entity's functional currency is translated to the functional currency on the day of the transaction at the related currency exchange rate on the date of the transaction. Monetary assets and liabilities held are translated to the functional currency at the currency exchange rate at the end of the reporting period.
Non-monetary assets and liabilities held are maintained at their historical currency exchange rate on the date of the transaction.
Any translation gains or losses are recognized in net loss under other income.

The consolidation of extractX USA Inc. translates the subsidiary's amounts recorded in their US dollar functional currency to the presentation currency as follows: Assets and liabilities are translated at the currency exchange rate at the end of the reporting
Revenue and expense items are translated at the average currency exchange rate over the period being consolidated.
Any translation gains or losses are recognized in other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue Recognition
Extraction processing revenue from contracts is recognized upon performance by the Company, being when customer's products are processed using the Company's mobile extraction laboratories. The revenue amount recognized is based on the quantity processed for the customer, measured in pounds or kilograms in its final form, charged at the amount per output specified in the contract. Amounts received in advance of the processing service are recorded as deposits on contracts and are applied towards the accounts receivable balances, as specified in the contract and agreed to by the customer. Given the fact the customer has control over the amount of product that can be processed throughout the duration of the contracts such deposits are not considered to be financing to the Company. Any amounts receivable after utilization of the amounts on deposit are due within 30 days of invoicing.

(c) Equipment
Equipment is initially recorded at cost, as noted below, and subsequently measured at cost, less accumulated amortization and any accumulated impairment losses.

Purchased equipment is recorded at the acquisition cost, which is the vendor invoice cost plus any costs required to put the asset in use. Constructed equipment is recorded at the cost of purchased materials, sub-contracting costs and labour costs, including employee benefits. Laboratory shell and components held as inventory is recorded at the net book value of the mobile extraction lab component portion of the original mobile extraction lab from which it was removed, upon time of transfer to inventory, net of any impairment allowances provide for by management Engineering drawings and documentation is recorded at the acquisition cost, which is the vendor invoice cost.

Equipment is amortized into income, using the following basis and annual rates over the estimated useful life of the related assets:

Shop tools and equipment	33.33%	straight-line basis
Computer equipment	33.33%	straight-line basis

The above rates are applied in the month of acquisition, but only if the asset is put into use.

Mobile extraction laboratories	20%	straight-line basis

The above rate is not applied until the first month that the unit commences processing of biomass for a customer.

Laboratory shell and components will be allocated to the cost of mobile extraction laboratories or other assets as such items are utilized and will not be amortized until such time they form part of the total cost of a mobile extraction laboratory or other asset that has been put in use.

The engineering drawings and documentation has been commissioned for the next production phase (Model 3.0) of the mobile extraction laboratories and will be allocated evenly to the cost of each of the first 15 mobile extraction laboratories under this model and will not be amortized until such time they form part of the total cost of a mobile extraction laboratory that has been put in use.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Where circumstances warrant, the Company reviews the carrying amounts of its equipment to determine whether there is any indication that those assets have suffered and impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any).

The company does not have any right of use leased assets as all of its leases are on a month to month basis and thus exempt through the short-term exemption provisions of IFRS 16. Such amounts continue to be recognized in expense.

(d) Research and Development Tax Credits
The Company has since its inception been very active in developing "state of the art" extraction equipment and the respective process to achieve a higher grade of extracted oils and components from a biomass. This technology has been documented and submissions made to the Government of Canada and the Province of Manitoba to claim refundable and non-refundable investment tax credits. The Company records these claims once they have been submitted and reasonable assurance is received that they will be processed as submitted. To date all expenditures that are the basis for the claims have been capitalized with a respective mobile extraction laboratory, the total of the investment tax credits is recognized as deferred contributions and amortized at the same rate as the respective mobile laboratory. In the event of disposition or impairment of a mobile laboratory, the related unamortized portion of the deferred contribution amount is taken into income and offset against the related loss on disposal or impairment loss.

(e) Government of Canada Grant Program
The Company was approved for a 50% grant of total expenditures by Agriculture and Agri-Food Canada. The funded project is to construct a mobile extraction laboratory to operate in Canada and develop a full set of engineering documents for the current mobile extraction laboratory model that is being constructed. A portion of the eligible expenditures that gave rise to the grant are general and administrative in nature and thus are recognized in income to the extent of the related expenses incurred. A portion of the eligible expenditures that gave rise to the grant have been capitalized to equipment Thus the related portion of the grant is recognized as deferred contributions and amortized at the same rate as the respective mobile laboratory or other equipment. In the event of disposition or impairment of a mobile laboratory, the related unamortized portion of the deferred contribution amount is taken into income and offset against the related loss on disposal or impairment loss.

(f) Intangible Assets
Website development is recorded at cost and is amortized on a straight line basis over three years.
The intellectual property for the extraction process is recorded to recognize it as an asset at a nominal amount.
The installation manual is recorded at cost and will be amortized once the next generation of mobile extraction labs are put in place.
These assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments
Financial instruments (other than trade accounts receivable and amounts due between related parties are initially recognized at their fair value on a trade date basis when the Company or its subsidiary becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract, plus related transactions costs and/or associated revenues, for items not held at fair value through profit and loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Trade accounts receivable are initially recognized at the transaction amount as determined by the customer contract. Amounts due between related parties are recognized at the exchange amount agreed to between the related parties.

Subsequent measurement of financial instruments is as follows:

The Company classifies its financial assets into one of the categories discussed below, depending on the business purpose for which the asset was acquired and the contractual cash flow characteristics of the financial asset.

Financial assets recorded at fair value through profit and loss:
This category comprises cash, which is considered held for trading in the day to day operations of the company. These financial assets are carried at fair value with changes in fair value recognized in net loss. The cost of such financial assets agree to their fair value given their nature.

Financial assets recorded at amortized cost
This category comprises accounts receivable. The business objective is to hold these financial assets in order to collect contractual cash flows made solely of payments of principal and interest. These financial assets are carried at amortized cost using the effective interest rate method, less any provision for impairment. The fair value of such financial assets approximate their carrying value given their short term maturity.

Impairment provisions for financial assets recorded at amortized cost are recognized based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on lifetime expected credit losses model. The amount of the credit loss is measured as the difference between the carrying amount and the present value of the expected cash flows discounted at the ordinal effective interest rate. Such credit losses are recorded in a separate provision account with the loss being recognized in net income. Accounts receivable are written off as determined by management when it is reasonable to expect that the recovery of the amount is unlikely.

The Company classifies its financial liabilities into one of the categories discussed below, depending on the business purpose for which the liability was incurred and the contractual cash flow characteristics of the financial liability.

Financial liabilities recorded at amortized cost
This category comprises accounts payable and accrued liabilities and long-term debt. These financial liabilities are measured at amortized cost using the effective interest rate method, which ensures that interest expense is recognized over the period to repayment at a constant rate on the balance of the liability carried in the statement of financial position. The fair value of accounts payable and accrued liabilities approximate their carrying value given their short term maturity. The fair value of long-term debt is not materially different from its carrying value.

(h) Share Based compensation
The Company grants common shares and stock options to its employees, directors and advisors as compensation for services. Share-based compensation plans are accounted for based on the fair value of the equity item granted. The fair value of stock options is estimated on the date of grant, which is the measurement date, using the Black-Scholes option pricing model. The volatility used in the calculation is based on the historical common share price of the company based on third party issuances. The fair value calculated for each option is amortized into expense over the related vesting period and added to share based payments reserve. Common shares issued as compensation is recorded at the fair value of the common shares on the date of granting which generally is the date of issuance and amortized into expense over the related vesting period . The fair value is determined in relation to recent common share transactions with arm's length parties.

Share-based payments reserves previously recognized for options exercised or common shares issued are transferred to common shares along with any consideration paid by the option holder upon exercise.
Where stock options are cancelled before vesting or left unexercised by the exercise date, any recognized portion of such share based payments reserve is transferred to deficit.

(i) Shareholders' Equity Cost Allocation
Common shares issued in conjunction with common share purchase warrants are recognized using the residual method, whereby the total consideration received is allocated first to common shares at the fair value of the common shares at the time of issuance, with any amount of consideration received in excess of that amount recognized as the cost of the common share purchase warrants.

(j) Earnings (loss) per share
The Company presents basic and diluted earnings(loss) per share (“EPS”) data for its common shares, calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, the calculation proved to be anti-dilutive as the Company was in a loss position.

(k) Provisions
Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income Taxes
Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in net loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

(m) Segmented information
An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the Company's President and Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess performance, for which discrete financial information is available.

(n) Standards issued but not yet effective
The following pronouncements have been issued but are not yet effective and are anticipated to be applicable to the company in the future. The company has not yet assessed the impact of these changes on its financial statements.

Accounting Standard	Effective Date for company	Effect
IAS 1 - Classification of Liabilities	July 1, 2022	Change in the definition of the company's ability to defer a liability and its impact on current versus non-current classification
IAS 1 - Disclosure of accounting polices	July 1, 2023	Change in requirement to disclose accounting policies from the concept of significant to that of material
IAS 8 - Accounting Estimates	July 1, 2023	Enhancing the definition of accounting estimates and providing guidance on disclosures surrounding
IAS 16 - Property, Plant and Equipment	July 1, 2022	Adding guidance that any components of items under construction sold must be recognized in net loss

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Estimates
Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments and compensation
The Company measures the cost of equity-settled transactions with employees and advisors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value for share-based payment transactions and the resulting share-based compensation expense is based on a variety of assumptions, including the expected life, risk-free interest rates, volatility, and forfeiture rates The calculated reserve amount may not necessarily be indicative of the true cost of the compensation and may vary by a material amount.

Amortization rates
Amortization expense is calculated based on assumed capital and intangible asset lives. Should the capital or intangible asset life or amortization rates differ from the initial estimate, an adjustment would be made in the consolidated statement of loss and comprehensive loss.

(b) Critical judgements
Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Going Concern
Management has applied significant judgement in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the three months ended December 31, 2021. Management prepares the consolidated financial statements on a going concern basis unless management intends to liquidate the entity.

Functional currency
The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

5. ACCOUNTS RECEIVABLE

	December 31, 2021	September 30, 2021
Accounts receivable trade - extraction processing contracts	$ 331,958	$ 184,696
Other receivables	28,703	63,440
Government of Canada Agriculture Clean Technology program grant receivable	-	157,133
Advances to Iannantuono Investments Inc.	5,572	-
Advances to extractX Ltd.	-	279,595
	$ 366,233	$ 684,864

The advances to extractX Ltd. are non-interest bearing, with no fixed terms of repayment, payable on demand and unsecured.

6. EQUIPMENT

December 31, 2021	Cost			
	Opening Balance at October 1, 2021	**Additions (Reallocations) in the Period**	**Disposals in the Period**	**Closing Balance at December 31, 2021**
Mobile extraction laboratories				
Unit #2 - into service March, 2021	$ 1,434,133	$ 13,840	$ -	$ 1,447,973
Unit #3 - into service October, 2021	1,095,841	31,918	-	1,127,759
Unit #4 - still under construction	1,596,935	49,188	-	1,646,123
Unit #5 - planning stage	42,925	-	-	42,925
Laboratory shell and components held as inventory	111,674	-	-	111,674
Engineering drawings and documentation	312,381	-	-	312,381
	4,593,889	94,946	-	4,688,835
Mobile office unit	55,899	8,918	-	64,817
Shop tools and equipment	53,022	-	-	53,022
Computer equipment	6,390	-	-	6,390
	$ 4,709,200	$ 103,864	$ -	$ 4,813,064

December 31, 2021	Accumulated Amortization			
	Opening Balance at October 1, 2021	**Amortization for the Period**	**Disposals in the Period**	**Closing Balance at December 31, 2021**
Mobile extraction laboratories				
Unit #2 - into service March, 2021	$ 165,072	$ 72,406	$ -	$ 237,478
Unit #3 - into service October, 2021	-	37,592	-	37,592
Unit #4 - still under construction	-	-	-	-
Unit #5 - planning stage	-	-	-	-
Laboratory shell and components held as inventory	-	-	-	-
Engineering drawings and documentation	-	-	-	-
	165,072	109,998	-	275,070
Mobile office unit	-	2,900	-	2,900
Shop tools and equipment	28,254	2,004	-	30,258
Computer equipment	1,887	365	-	2,252
	$ 195,213	$ 115,267	$ -	$ 310,480

September 30, 2021	Cost			
	Opening Balance at July 1, 2021	**Additions (Reallocations) in the Year**	**Disposals in the Year**	**Closing Balance at September 30, 2021**
Mobile extraction laboratories				
Unit #2 - into service March, 2021	$ 1,400,583	$ 33,550	$ -	$ 1,434,133
Unit #3 - still under construction	1,056,932	38,909	-	1,095,841
Unit #4 - still under construction	1,431,267	165,668	-	1,596,935
Unit #5 - planning stage	42,925	-	-	42,925
Laboratory shell and components held as inventory	163,159	(51,485)	-	111,674
Engineering drawings and documentation	310,552	1,829	-	312,381
	4,405,418	188,471	-	4,593,889
Mobile office unit	-	55,899		55,899
Shop tools and equipment	51,956	1,066	-	53,022
Computer equipment	6,390	-	-	6,390
	$ 4,463,764	$ 245,436	$ -	$ 4,709,200

6. EQUIPMENT (Continued)

September 30, 2021	Accumulated Amortization			
	Opening Balance at July 1, 2021	**Amortization for the Year**	**Disposals in the Year**	**Closing Balance at September 30, 2021**
Mobile extraction laboratories				
Unit #2 - into service March, 2021	$ 93,593	$ 71,479	$ -	$ 165,072
Unit #3 - still under construction	-	-	-	-
Unit #4 - still under construction	-	-	-	-
Unit #5 - planning stage	-	-	-	-
Laboratory shell and components held as inventory	-	-	-	-
Engineering drawings and documentation	-	-	-	-
	93,593	71,479	-	165,072
Mobile office unit	-	-		
Shop tools and equipment	25,992	2,262	-	28,254
Computer equipment	1,493.00	394	-	1,887
	$ 121,078	$ 74,135	$ -	$ 195,213

	Net Book Value	
	December 31, 2021	September 30, 2021
Unit #2 - into service March, 2021	$ 1,210,495	$ 1,269,061
Unit #3 - into service October, 2021	1,090,167	1,095,841
Unit #4 - still under construction	1,646,123	1,596,935
Unit #5 - planning stage	42,925	42,925
Laboratory shell and components held as inventory	111,674	111,674
Engineering drawings and documentation	312,381	312,381
	4,413,765	4,428,817
Mobile office units	61,917	55,899
Shop tools and equipment	22,764	24,768
Computer equipment	4,138	4,503
	$ 4,502,584	$ 4,513,987

7. INTANGIBLE ASSETS

December 31, 2021	Cost			
	Opening Balance at October 1, 2021	**Additions (Reallocations) in the Period**	**Disposals in the Period**	**Closing Balance at December 31, 2021**
Website development cost	$ 5,476	$ -	$ -	$ 5,476
Installation manual	7,740	-	-	7,740
Intellectual property for extraction process	1	-	-	1
	$ 13,217	$ -	$ -	$ 13,217

December 31, 2021	Accumulated Amortization			
	Opening Balance at October 1, 2021	**Amortization for the Period**	**Disposals in the Period**	**Closing Balance at December 31, 2021**
Website development cost	$ 4,107	$ 456	$ -	$ 4,563
Installation manual	-	-	-	-
Intellectual property for extraction process	-	-	-	-
	$ 4,107	$ 456	$ -	$ 4,563

September 30, 2021	Cost			
	Opening Balance at July 1, 2021	**Additions (Reallocations) in the Year**	**Disposals in the Year**	**Closing Balance at September 30, 2021**
Website development cost	$ 5,476	-	-	5,476
Installation manual	$ -	7,740		7,740
Intellectual property for extraction process	1	-	-	1
	$ 5,477	$ 7,740	$ -	$ 13,217

September 30, 2021	Accumulated Amortization			
	Opening Balance at July 1, 2021	**Amortization for the Year**	**Disposals in the Year**	**Closing Balance at September 30, 2021**
Website development cost	$ 3,651	$ 456	$ -	$ 4,107
Installation manual	-	-	-	-
Intellectual property for extraction process	-	-	-	-
	$ 3,651	$ 456	$ -	$ 4,107

7. INTANGIBLE ASSETS (Continued)

	Net Book Value	
	December 31, 2021	September 30, 2021
Website development cost	$ 913	$ 1,369
Installation manual	7,740	$ 7,740
Intellectual property for extraction process	1	1
	$ 8,654	$ 9,110

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	September 30, 2021
Trade payables	$ 148,155	$ 224,030
Overpayment of customer billing	4,532	-
Legal fees payable	93,210	93,210
Accrued accounting and audit fees	15,150	32,000
Accrued consulting fees	-	824
Accrued board of directors and advisors fees	-	88,500
Accrued legal fees	20,000	12,500
Canada emergency wage subsidy repayable	16,940	16,940
Accrued vacation pay	41,088	37,421
State of Kentucky sales tax	12,611	10,085
Government payroll deductions payable	1,634	2,317
	$ 353,320	$ 517,827

9. LONG TERM DEBT

	December 31, 2021	September 30, 2021
BMO - CEBA Loan - see below	$ 30,000	$ 30,000
Loan payable, Dell Financial Services, with interest at 6.29%, repayable with monthly principal and interest payments of $74 for 36 months, the final payment in January, 2024	1,720	1,911
Loan payable, Dell Financial Services, with interest at 21.00%, repayable with monthly principal and interest payments of $100 for 36 months, the final payment in June, 2024	2,318	2,503
	34,038	34,414
Less: current portion due within next year	1,534	1,534
	$ 32,504	$ 32,880

BMO lent $40,000 to the Company under the Canada Emergency Business Account which is guaranteed by the Government of Canada. This loan program was created to financially support eligible business with the impact of the COVID-19 pandemic on their business. The loan bears no interest and if 75% of the outstanding amount of the loan is repaid by December 31, 2023 then the remaining 25% will be forgiven. If 75% of the loan isn't repaid by December 31, 2023 then the amount of the loan outstanding will convert to a non-revolving term loan that is due in full by December 31, 2025. Interest at the rate of 5% per annum on the amount outstanding after December 31, 2023 will be payable monthly until the loan is paid in full. The forgivable amount of $10,000 has been previously recognized as other income.

Principal repayments on debt for the next five years are:

Fiscal years ending September 30,	2022	$ 1,534
	2023	2,088
	2024	30,416

10. DEFERRED CONTRIBUTIONS

	December 31, 2021	September 30, 2021
Research and development tax credits		
Balance at beginning of the period	$ 232,057	$ 243,915
Amortization for the period	(11,858)	(11,858)
Balance at end of the period	$ 220,199	$ 232,057
Contribution of material		
Balance at beginning of the period	$ 144,502	$ 152,681
Amortization for the period	(8,179)	(8,179)
Balance at the end of the period	$ 136,323	$ 144,502
Government of Canada grant under the Agricultural Clean Technology program		
Balance at beginning of the period	$ 708,081	$ 590,580
Contribution during the period for development of a mobile extraction laboratory	-	117,501
Balance at the end of the period	$ 708,081	$ 708,081
Total deferred contributions	$ 1,064,603	$ 1,084,640

11. COMMON SHARES, WARRANTS RESERVE AND SHARE BASED PAYMENTS RESERVE

Common shares

Authorized
Unlimited common shares

Units Issuance (Common Shares and Warrants):
The Company as part of its ongoing capital raise on April 1, 2020 revised the term sheet to offer a unit for $2.00 comprised of one common share of the Company and one warrant. Each warrant has a term of two years with the right to acquire one share at $2.00 up to two years from the original date of issue of the unit. This offer was valid for any subscriptions up to and including August 31, 2020. A total of 328,900 units was issued during the year ended June 30, 2021 for total consideration of $657,800). Total proceeds from the issuance was allocated to the common shares based on their fair value at time of issuance. No amounts were allocated to the warrants. The warrants are set to expire between April 6, 2022 and November 20, 2022.

Common Share Issuances:
The Company issued 794,298 common shares during the three months ended December 31, 2020 at $2 per common share for total consideration of $1,588,596.

The Company issued 1,336,803 common shares on October 1, 2021 at a fair value of $1.00 per common share to complete a transaction pursuant to the terms of an amalgamation agreement (see note 12 - Reverse Takeover Transaction).

The Company issued 30,000 common shares during the three months ended December 31, 2021 at a fair value of $2.25 per common share for $67,500 as compensation to directors.

The Company cancelled 78,394 common shares during the three months ended December 31, 2021 that it held in its own name.

The Company has no further commitment to issue common shares to board members as compensation in the future. Included in accounts payable and accrued liabilities is $nil (September 30, 2021 - $67,500 related to the value of 30,000 common shares to be issued for services provided during the three months ended September 30, 2021).

Warrants Reserve

	December 31, 2021		September 30, 2021	
Issued	Number of Warrants	$	Number of Warrants	$
Balance at beginning of the period	836,400	$ -	836,400	$ -
Warrants issued during the period	-	-	-	-
Balance at end of the period	836,400	$ -	836,400	$ -

Share Based Payments Reserve

December 31, 2021		Number of Options	$	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance at beginning of the period		686,000	$ 530,534	$ 0.94	7.69
Previously issued stock options vested	Staff Options		218,434		
Previously issued deferred shares vested	Staff Deferred Shares		58,188		
Balance at end of the period		686,000	$ 807,156	$ 0.94	7.44

The 686,000 stock options have exercise prices ranging from $0.50 to $2.25

Exercisable at end of the period	368,000		$ 1.25	6.68

September 30, 2021		Number of Options	$	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance at beginning of the year		156,000	$ 118,726	$ 2.10	4.89
Previously issued stock options vested	Board Advisory Options		16,647		
Stock Options issued during the period:					
Board Member Options		30,000	25,575	2.25	4.75
Staff Options		500,000	330,794	0.50	8.75
Deferred shares issued during the period			38,792		
Balance at end of the year		686,000	$ 530,534	$ 0.94	7.69

The 686,000 stock options have exercise prices ranging from $.50 to $2.25

Exercisable at end of the period	250,000		$ 1.49	6.33

Stock Options Issuances:
The Company issued 96,000 stock options to board advisors in February/March 2021 exercisable at a price of $2 per common share, vesting as follows:24,000 upon issuance and 18,000 every 3 months thereafter until September 30, 2021, expiry date 5 years from date of vesting. As of June 30, 2021 the fair value of these options was calculated to be $91,313 using the Black Scholes Model and the following assumptions: risk free interest rate ranging from 0.8% to 1.01%; expected volatility ranging from 39.19% to 46.81%; expected life of 5 years from date of vesting and dividend yield of 0%. The amount recognized in expense for the three months ended December 31, 2021 was $nil ($nil - December 31, 2020). As of December 31, 2021 - 78,000 stock options have vested (September 30, 2021 - 60,000).

11. COMMON SHARES, WARRANTS RESERVE AND SHARE BASED PAYMENTS RESERVE (Continued)

The Company issued 30,000 stock options to board members effective September 30, 2021 exercisable at a price of $2.25 per common share, vesting upon issuance. As of September 30, 2021, the fair value of these options was calculated to be $25,575 using the Black Scholes Model and the following assumptions: risk free interest rate of 1.07%; expected volatility of 42.05% expected life of 5 years and dividend yield of 0%. The amount recognized in expense for the three months ended September 30, 2021 was $25,575. As of September 30, 2021, 30,000 stock options have vested.

The Company issued 500,000 stock options to a staff member on July 5, 2021 exercisable at a price of $0.50 per common share, vesting as follows: 100,000 on August 5, 2021, 100,000 December 31, 2021 and then 6 months thereafter until June 30, 2023.

The fair value of these options was calculated to be $925,855 using the Black Scholes Model and the following assumptions: risk free interest rate of 1.17%; expected volatility of 42.05% expected life of 8.91 years and dividend yield of 0%.
The amount recognized in expense for the three months ended December 31, 2021 was $218,434 ($330,794 - September 30, 2021).
As of December 31, 2021, 200,000 stock options have vested.

The Company issued stock based compensation to employees and certain contract staff on July 30, 2021 which requires the continued employment by those involved at varying anniversary dates.
The potential total number of issued common shares is 154,500 and is vests on the following dates:

June 30, 2022	49,000
June 30, 2023	77,250
June 30, 2024	28,250

The fair value of this stock based compensation was calculated to be $347,625 based on the fair market value of the common shares of $2.25.
The amount recognized in expense for the three months ended December 31, 2021 was $58,188 ($38,792 - September 30, 2021).
As of December 31, 2021, nil common shares have vested.

12. OTHER INCOME (EXPENSE)

	Three months ended	
	December 31, 2021	December 31, 2020
Other income (expense)		
Government assistance for consulting fees and training	$ -	$ 39,250
Employment training grant	-	7,500
Canada Emergency Wage Subsidy	-	45,000
Canada Emergency Rent Subsidy	-	13,700
Government of Canada Agriculture Clean Technology - program expense grant	-	-
Interest earned	63	7,926
Gain (loss) on foreign currency conversion	1,084	(1,787)
	$ 1,147	$ 111,589

Amounts received from the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs could be repayable if it is found the company did not meet the required criteria.

Reverse Takeover Transaction

On October 1, 2021, the company completed a transaction pursuant to the terms of an amalgamation agreement by its 100% wholly owned subsidiary 12491613 Canada Inc (“Amalgamation Agreement”) with ExtractX Incorporated. Pursuant to the Amalgamation Agreement, Extract Incorporated’s common shares, warrants, stock options and deferred share commitments were exchanged on a 1:1 basis for the issuance of Extract Ltd.’s common shares, warrants, stock options and deferred share commitments. As a result of the Amalgamation Agreement, the shareholders of Extract Incorporated owned 23,391,059 outstanding common shares and all the outstanding warrants, stock options and deferred share commitments of ExtractX Ltd. The substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination, as ExtractX Ltd. does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction is accounted for as a capital transaction with ExtractX Incorporated being identified as the acquirer of ExtractX Ltd. and the equity consideration accounted for in accordance with IFRS 2, Share-based Payments, measured at fair value. The fair value of the consideration paid of $1,336,803 has been allocated to the net assets of Extract Ltd. as follows:

Cash	$ 17,029
Refundable sales tax	8,460
Due from related party	7,124
Due to related party for services	(29,655)
Due to extractX Incorporated	(279,595)
Due from related party	(25,762)
Net asset deficiency acquired	(302,399)
Cost of reverse takeover	1,639,202
Consideration paid	$ 1,336,803

13. LEASE COMMITMENTS

The Company is also obligated to a lease for a photocopier for 16 quarterly payments of $441 commencing in October, 2018 and terminating in July, 2022; as this lease has no buy-out option and is for a low value asset it is accounted for as a short term operating lease and the monthly lease payments expensed.

The Company is leasing space on a month by month net, net lease agreement for a 6,000 square foot manufacturing space located in Winnipeg, Manitoba, Canada. The basic monthly rent is $5,500 ($66,000 per annum). The Company must also pay 3.82% of the building's operating costs including insurance, property taxes, depreciation on maintenance and cleaning equipment, the roof and asphalt paving and of any supervision and management fees charged. The Company's share of these operating costs for 2022 is estimated to be $17,100.

The Company leases office space in Pelham, Ontario on a month to month basis at $1,100 per month; as there is no long-term commitment this lease is accounted for as a short term operating lease and the monthly lease payments expensed.

On September 30, 2020, Iannantuono Investments Inc. as part of it's purchase of the digital marketing business from the Company assumed the responsibility for the loans payable to Dell Financial Services of $2,880 (monthly payment of $183) and the right-of-use vehicle (2019 Lexus RX350) lease payable of $22,940 (monthly payment $795) by signing an undertaking to make all of the remaining payments. If Iannantuono Investments Inc. fails to meet this obligation the lender and the vehicle lessor would have recourse against the Company.

14. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with key management personnel, which are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior management.

	Three months ended	
Compensation:	December 31, 2021	December 31, 2020
Salaries and other short-term employee benefits	$ 115,830	$ 75,000
Board of Director and Advisory Board Fees	-	-
Board of Director and Advisory Board Share based Compensation	-	-
	$ 115,830	$ 75,000

Included in accounts payable and accrued liabilities at December 31, 2021 are amounts owing to related parties of $3,284 (September 30, 2021 - $90,897).

15. FINANCIAL INSTRUMENTS

Fair Value Hierarchy
A fair value hierarchy establishes three levels to classify valuation techniques used to measure fair value. Level 1 items are quoted prices in active markets for identical assets or liabilities. Level 2 items are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets or quoted prices that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable and supported by little or no market activity. The fair value hierarchy gives the highest priority to Level 1 items and the lowest priority to Level 3 items.

Cash is the only item recorded at fair value and is considered to be in Level 1 of the fair value hierarchy.

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital is hindered, whether as a result of a downturn in market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2021, the Company had working capital deficiency of $81,794 (September 30, 2021 working capital - $540,669)
All of the Company's financial liabilities as at December 31, 2021 are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.
The anticipated payment dates required on accounts payable and accrued liabilities and long-term debt is as follows:

	3 Months or Less	More than 3 Months	Total
Accounts payable and accrued liabilities	$ 353,320	$ -	$ 353,320
Long-term debt	511	33,903	34,414
	$ 353,831	$ 33,903	$ 387,734

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the entity.
The Company is exposed to credit risk on cash and accounts receivable. Cash is held with an established financial institutions in Canada and the US. The Company's accounts receivable trade - extraction processing have deposits on contract that could be used to offset any amounts owing in the event of non-performance of the counterparty. The government of Canada Agriculture Clean Technology program grant receivable are from a Canadian government entity and management believes the risk of loss to be remote. Other receivables are due from a customer for which deposits on contracts are held and from employees and management believes the risk of loss to be remote. Advances to Iannantuono Investments Inc. who is a shareholder and are being repaid monthly and management believes the risk of loss to be remote.
The Company does not have any derivatives that mitigate the exposure to credit risk. The carrying amount of financial assets recorded in the financial statements in the amount of $829,966 (September 30, 2021 - $1,826,625) represents the maximum exposure to credit risk at the reporting date.

Interest rate risk
The Company is not exposed to material interest rate risk due to the nature of its long-term debt, which are the only financial instruments that are interest bearing.

Currency risk
The majority of revenue to date is paid in United States dollars while expenditures are in both Canadian and United States dollars, the Company therefore maintains bank accounts with sufficient balances in both currencies to be able to meet ongoing expenditure obligations in each respective currency. The Company also attempts to minimize any exchange loss on currency transfers between the bank accounts. It is management's opinion that the Company is not exposed to significant currency risk. The Company does not have any derivatives that mitigate the exposure to currency risk.

The following are the US $ based assets and liabilities (before conversion to Canadian equivalent).

	December 31, 2021	September 30, 2021
Cash	$ 2,681	$ 3,347
Accounts receivable	261,838	138,111
Insurance premium refund	2,495	-
Corporate income taxes recoverable	23,806	23,806
Prepaid expenses	5,810	7,946
Accounts payable and accrued liabilities	(37,630)	(29,383)
Deposits on contracts	(563,390)	(650,000)
Net exposure	$ (304,390)	$ (506,173)

A $0.01 change in foreign exchange rates would lead to an impact on net loss of $3,044 (September 30, 2021 - $5,062).

16. SEGMENT DISCLOSURES

The Company's operations comprise two reporting segments, Canadian subsidiary company (extractX Inc.) and its US subsidiary (extractX USA Inc.).
The following are the key items requiring disclosure on a segmented basis, expressed in Canadian equivalent dollars.

Segment Schedule of Operations and Comprehensive Loss and Total Assets and Liabilities

For the Three Months Ended December 31, 2021	extractX Inc.	extractX USA Inc.	Eliminations	Total
REVENUE				
Extraction processing revenue from contracts	$ 14,704	$ 210,176	$ -	$ 224,880
Management service fees	61,892	-	(61,892)	-
Extraction lab lease fees	41,772	-	(41,772)	-
Technology license fees	4,178	-	(4,178)	-
	122,546	210,176	(107,842)	224,880
DIRECT EXPENSES				
Salary and benefits - extraction processing	-	81,117	-	81,117
Extraction processing supplies	5,346	13,296	-	18,642
	5,346	94,413	-	99,759
CONTRIBUTION	117,200	115,763	(107,842)	125,121
EXPENSES				
Salary and benefits - corporate and operations	170,346	-	-	170,346
Director and service provider stock options	276,622	-	-	276,622
Management fees	-	61,892	(61,892)	-
Extraction lab lease fees	-	41,772	(41,772)	-
Technology license fees	-	4,178	(4,178)	-
Shop supplies	-	-	-	-
Rent and utilities - office and shop	22,944	-	-	22,944
Repairs and maintenance	250	9,067	-	9,317
Amortization - mobile extraction units	109,998	-	-	109,998
Amortization - research and development tax credit	(11,858)	-	-	(11,858)
Amortization - contributed material	(8,179)	-	-	(8,179)
Amortization - tools, equipment and computers	5,269	-	-	5,269
Accounting, auditing, payroll and bookkeeping fees	15,500	4,057	-	19,557
Legal fees	7,500	-	-	7,500
Contract staffing, advisors and consulting fees	75,271	-	-	75,271
Office expenses	22,722	2,595	-	25,317
Insurance	16,550	8,518	-	25,068
Interest and bank charges	1,584	1,021	-	2,605
Interest on long term debt	145	-	-	145
Advertising and promotion	20,041	-	-	20,041
Internet, website hosting and technology licences	5,151	-	-	5,151
Amortization - website development	456	-	-	456
Marketing materials	7,809	-	-	7,809
Telephone	3,215	-	-	3,215
Travel and conferences	10,830	349	-	11,179
Vehicle and transportation	7,279	-	-	7,279
	759,445	133,449	(107,842)	785,052
NET LOSS BEFORE OTHER INCOME (EXPENSE)	(642,245)	(17,686)	-	(659,931)
OTHER INCOME (EXPENSE)				
Other income	4	1,143	-	1,147
Cost of reverse Takeover acquisition	(1,639,202)	-	-	(1,639,202)
	(1,639,198)	1,143	-	(1,638,055)
NET LOSS FOR THE PERIOD BEFORE INCOME TAX (EXPENSE) RECOVERY	(2,281,443)	(16,543)	-	(2,297,986)
INCOME TAX (EXPENSE) RECOVERY	-	-	-	(2,297,986)
NET LOSS FOR THE PERIOD	(2,281,443)	(16,543)	-	(3,937,188)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign translation gain (loss)	-	-	3,152	3,152
COMPREHENSIVE LOSS FOR THE PERIOD	$ (2,281,443)	$ (16,543)	$ 3,152	$ (2,294,834)
TOTAL ASSETS	$ 5,778,735	$ 374,325	$ (671,472)	$ 5,481,588
TOTAL LIABILITIES	$ 2,062,186	$ 758,537	$ (671,472)	$ 2,149,251

16. SEGMENT DISCLOSURES (Continued)

Segment Schedule of Operations and Comprehensive Loss and Total Assets and Liabilities

For the Three Months Ended December 31, 2020	extractX Incorporated	extractX USA Inc.	Eliminations	Total
REVENUE				
Extraction processing revenue from contracts	$ -	$ -	$ -	$ -
Management service fees	90,938	-	(90,938)	-
	90,938	-	(90,938)	-
DIRECT EXPENSES				
Salary and benefits - extraction processing	-	34,351	-	34,351
Extraction processing supplies	(323)	4,551	-	4,228
	(323)	38,902	-	38,579
CONTRIBUTION	91,261	(38,902)	(90,938)	(38,579)
EXPENSES				
Salary and benefits - corporate and operations	129,310	-	-	129,310
Management fees	-	90,938	(90,938)	-
Shop supplies	580	-	-	580
Rent and utilities - office and shop	18,500	-	-	18,500
Repairs and maintenance	148	7,552	-	7,700
Amortization - mobile extraction units	86,375	-	-	86,375
Amortization - research and development tax credit	(21,906)	-	-	(21,906)
Amortization - tools, equipment and computers	2,774	-	-	2,774
Accounting, auditing, payroll and bookkeeping fees	24,519	-	-	24,519
Legal fees	14,966	-	-	14,966
Contract staffing, advisors and consulting fees	122,361	-	-	122,361
Office expenses	3,334	2,841	-	6,175
Insurance	2,012	1,178	-	3,190
Interest and bank charges	653	23	-	676
Internet, website hosting and technology licences	785	-	-	785
Amortization - website development	457	-	-	457
Marketing materials	3,500	-	-	3,500
Telephone	1,409	-	-	1,409
Travel and conferences	1,648	784	-	2,432
Vehicle and transportation	1,726	-	-	1,726
	393,151	103,316	(90,938)	405,529
NET LOSS BEFORE OTHER INCOME (EXPENSE)	(301,890)	(142,218)	-	(444,108)
OTHER INCOME (EXPENSE)				
Other income	111,589	-	-	111,589
	111,589	-	-	111,589
NET LOSS FOR THE YEAR BEFORE INCOME TAX (EXPENSE) RECOVERY	(190,301)	(142,218)	-	(332,519)
INCOME TAX (EXPENSE) RECOVERY	-	-		-
NET LOSS FOR THE YEAR	(190,301)	(142,218)	-	(332,519)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign translation gain (loss)	-	-	-	-
COMPREHENSIVE LOSS FOR THE YEAR	$ (190,301)	$ (142,218)	$ -	$ (332,519)
TOTAL ASSETS	$ 6,297,339	$ 211,944	$ (239,107)	$ 6,270,176
TOTAL LIABILITIES	$ 1,445,748	$ 430,087	$ (239,107)	$ 1,636,728

Management service fees, extraction lab lease fees and technology license fees from extractX Incorporated to extractX USA Inc. are measured at the exchange amount determined by the company at the equivalent Canadian dollar amount.

17. CAPITAL DISCLOSURES

The Company's capital management objective is to obtain sufficient capital to further its business plans for the benefit of its stakeholders.
To meet the objectives, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements as needed. The Company is not subject to externally imposed capital requirements.
Management is of the opinion that the amounts and changes in the Company's capital is readily determinable from the Statement of Shareholders' Equity.

18. WORLD ECONOMIC CONDITION

Since March, 2020, the outbreak of a new coronavirus strain (COVID-19) caused a major health crisis worldwide that continues to affect the global economy and financial markets as at the date of completion of the financial statements. These events had impacts that are reflected in these financial statements primarily in the slowdown in global sales, but management believes that the decision to cut back on staffing and the application for rental and wage subsidies from the Federal Government will help to limit any potential future losses due to the pandemic. The ongoing development of this situation may have significant effects on the future operations of the Company but at the present time any impact is not determinable.

19. SUBSEQUENT EVENT

On January 7, 2022 the Company issued term sheet #6 offering up to 4,000,000 common shares at $2.50 a share for a total investment of up to $10,000,000 with a minimum subscription of $100,000. The intended closing date is on or about March 31, 2022.