

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2022**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to . _____

Commission File Number **000-56370**

TEGO CYBER INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

84-2678167

(I.R.S. Employer Identification Number)

8565 South Eastern Avenue, Suite 150

Las Vegas, Nevada, 89123

(Address of Principal Executive Offices) (Zip Code)

(855) 939-0100

(Registrant's Telephone Number, Including Area Code)

Not applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act None

| Title of each class | Trading Symbol(s) | Name of the principal U.S. market |
|---------------------|-------------------|-----------------------------------|
| | | |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated Filer | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

As of March 16, 2022, there were 25,096,044 shares of common stock issued and outstanding, par value \$0.001 per share.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this Quarterly Report on Form 10-Q and other filings of the Registrant under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as well as information communicated orally or in writing between the dates of such filings, contains or may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements in this Quarterly Report on Form 10-Q, including without limitation, statements related to our plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from expected results. Among these risks, trends and uncertainties are the availability of working capital to fund our operations, the competitive market in which we operate, the efficient and uninterrupted operation of our computer and communications systems, our ability to generate a profit and execute our business plan, the retention of key personnel, our ability to protect and defend our intellectual property, the effects of governmental regulation, and other risks identified in the Registrant’s filings with the Securities and Exchange Commission from time to time.

In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of such terms or other comparable terminology. Although the Registrant believes that the expectations reflected in the forward-looking statements contained herein are reasonable, the Registrant cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Registrant, nor any other person, assumes responsibility for the accuracy and completeness of such statements. The Registrant is under no duty to update any of the forward-looking statements contained herein after the date of this Quarterly Report on Form 10-Q.

TEGO CYBER INC.
FORM 10-Q
MARCH 31, 2022

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PART I – FINANCIAL INFORMATION

Item 1. Financial Information

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TEGO CYBER INC.
INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2022 AND JUNE 30, 2021
(Expressed in US Dollars)
(Unaudited)

| | <u>March 31, 2022</u> | <u>June 30, 2021</u> |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 522,800 | \$ 583,015 |
| Accounts receivable | 1,150 | 1,450 |
| Prepaid expenses | 138,098 | 113,462 |
| Total current assets | 662,048 | 697,927 |
| Computer equipment, net | 2,939 | - |
| Software | 319,400 | 75,750 |
| TOTAL ASSETS | <u>\$ 984,387</u> | <u>\$ 773,667</u> |
| LIABILITIES & SHAREHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 31,275 | \$ 23,010 |
| Convertible debts | - | 22,621 |
| TOTAL LIABILITIES | <u>31,275</u> | <u>45,631</u> |
| SHAREHOLDERS' EQUITY | | |
| Common shares 50,000,000 shares authorized \$0.001 par value 25,108,044 shares issued and outstanding at March 31, 2022 18,296,511 shares issued and outstanding at June 30, 2021 | 25,108 | 18,297 |
| Additional paid in capital | 3,836,136 | 1,720,631 |
| Subscriptions receivable | - | (10,500) |
| Accumulated deficit | (2,908,132) | (1,000,382) |
| TOTAL SHAREHOLDERS' EQUITY | <u>953,112</u> | <u>728,046</u> |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | <u>\$ 984,387</u> | <u>\$ 773,677</u> |

The accompanying notes are an integral part of these financial statements

TEGO CYBER INC.
INTERIM CONDENSED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in US Dollars)
(Unaudited)

| | 3-Months Ended March 31, 2022 | 3-Months Ended March 31, 2021 | 9-Months Ended March 31, 2022 | 9-Months Ended March 31, 2021 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| REVENUE | | | | |
| Consulting fees | \$ - | \$ 900 | \$ 1,050 | \$ 4,700 |
| Subscription services | 2,500 | - | 2,500 | - |
| | <u>2,500</u> | <u>900</u> | <u>3,550</u> | <u>4,700</u> |
| OPERATING EXPENSES | | | | |
| Advertising and promotion | 30,407 | 11,062 | 120,690 | 30,607 |
| Amortization | 1,238 | - | 1,562 | - |
| Contractors and consultants | 159,562 | 3,400 | 399,813 | 3,400 |
| Interest and bank charges | 346 | 3,814 | 6,082 | 5,547 |
| Insurance | - | - | 6,920 | - |
| Investor relations and shareholder communication | 59,136 | 2,749 | 180,064 | 5,498 |
| Legal and accounting | 45,435 | 17,820 | 197,442 | 101,810 |
| Management fees | 29,250 | 49,500 | 156,750 | 106,000 |
| Office and administration | 232 | 1,107 | 6,770 | 3,357 |
| Share based compensation | 386,449 | - | 386,449 | - |
| Software subscription and platform costs | 19,348 | - | 53,738 | - |
| Subscriptions and dues | 176 | 283 | 3,331 | 579 |
| Transfer agent and filing fees | 10,805 | 35,250 | 32,009 | 44,246 |
| Travel, meals and entertainment | 8,434 | 750 | 20,775 | 1,242 |
| Wages and benefits | 121,110 | - | 272,773 | - |
| TOTAL OPERATING EXPENSES | <u>874,018</u> | <u>125,735</u> | <u>1,845,168</u> | <u>302,286</u> |
| LOSS FROM OPERATIONS | <u>(871,518)</u> | <u>(124,835)</u> | <u>(1,841,618)</u> | <u>(297,586)</u> |
| OTHER INCOME (EXPENSE) | | | | |
| Accretion expense | - | (59,213) | (66,132) | (71,724) |
| Financing fees | - | (15,482) | - | (26,966) |
| TOTAL OTHER INCOME (EXPENSE) | <u>-</u> | <u>(74,695)</u> | <u>(66,132)</u> | <u>(98,690)</u> |
| NET LOSS | <u>\$ (871,518)</u> | <u>\$ (199,530)</u> | <u>\$ (1,907,750)</u> | <u>\$ (396,276)</u> |
| BASIC AND DILUTED LOSS PER COMMON SHARE | <u>\$ (0.04)</u> | <u>\$ (0.02)</u> | <u>\$ (0.09)</u> | <u>\$ (0.03)</u> |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 19,412,280 | 13,152,503 | 22,440,139 | 12,964,601 |

The accompanying notes are an integral part of these financial statements

TEGO CYBER INC.
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in US Dollars)
(Unaudited)

| | Number of Shares | Common Stock | Additional Paid-In Capital | Subscriptions Receivable | Accumulated Deficit | Total Shareholder's Equity |
|--|---------------------|------------------|----------------------------------|-----------------------------|------------------------|----------------------------------|
| Balance, June 30, 2020 | 12,406,236 | \$ 12,406 | \$ 175,906 | \$ (24,500) | \$ (77,202) | \$ 86,610 |
| Private placement | 696,000 | 696 | 73,304 | 16,500 | - | 90,500 |
| Shares issued for services | 100,000 | 100 | 24,900 | - | - | 25,000 |
| Shares issued as transaction costs for convertible debts | 198,000 | 198 | 32,802 | - | - | 33,000 |
| Equity portion of convertible debts | - | - | 124,453 | - | - | 124,453 |
| Warrants issued with convertible debts | - | - | 88,818 | - | - | 88,818 |
| Net loss for period | - | - | - | - | (396,276) | (396,276) |
| Balance, March 31, 2021 | 13,400,236 | \$ 13,400 | \$ 520,183 | \$ (8,000) | \$ (473,478) | \$ 52,105 |
| Balance, June 30, 2021 | 18,296,511 | \$ 18,297 | \$ 1,720,631 | \$ (10,500) | \$ (1,000,382) | \$ 728,046 |
| Shares issued for cash | 5,558,810 | 5,559 | 1,409,143 | 10,500 | - | 1,425,202 |
| Shares issued for services | 179,550 | 180 | 132,578 | - | - | 132,758 |
| Shares issued for settlement of convertible debt | 937,151 | 937 | 92,778 | - | - | 93,715 |
| Shares issued as prepaid expenses | 136,022 | 135 | 94,557 | - | - | 94,692 |
| Share based compensation | - | - | 386,449 | - | - | 386,449 |
| Net loss for period | - | - | - | - | (1,907,750) | (1,907,750) |
| Balance, March 31, 2022 | 25,108,044 | \$ 25,108 | \$ 3,836,136 | \$ - | \$ (2,908,132) | \$ 953,112 |

The accompanying notes are an integral part of these financial statements

TEGO CYBER INC.
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2022 AND MARCH 31, 2021
(Expressed in US Dollars)
(Unaudited)

| | 9-Months Ended March 31, 2022 | 9-Months Ended March 31, 2021 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (1,907,750) | \$ (396,276) |
| Items not affecting cash | | |
| Accretion expense on convertible debts | 66,132 | 71,725 |
| Amortization | 1,562 | - |
| Financing fees | - | 26,965 |
| Interest on short term debt | 4,962 | - |
| Shares issued for services | 132,757 | 25,000 |
| Shares based compensation | 386,449 | |
| Changes in non-cash working capital items: | | |
| Accounts receivable | 300 | (1,000) |
| Prepaid expenses | 70,057 | - |
| Accounts payable and accrued liabilities | 8,265 | 16,336 |
| Due to related parties | - | (1,358) |
| NET CASH USED IN OPERATING ACTIVITIES | (1,237,266) | (258,608) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of computer equipment | (4,501) | - |
| Acquisition of software | (243,650) | (39,250) |
| NET CASH USED IN INVESTING ACTIVITIES | (248,151) | (39,250) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from shares issued | 1,425,202 | 74,000 |
| Proceeds from convertible debt | - | 260,000 |
| Convertible debt issuance costs | - | (28,250) |
| Collection of subscription receivable | - | 16,500 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 1,425,202 | 322,250 |
| NET INCREASE (DECREASE) IN CASH | (60,215) | 24,392 |
| CASH AT BEGINNING OF THE PERIOD | 583,015 | 81,872 |
| CASH AT END OF THE PERIOD | \$ 522,800 | \$ 106,264 |
| Non-cash investing and financing activities: | | |
| Software included in accounts payable and accrued liabilities | \$ - | \$ 5,000 |
| Shares issued for prepaid expenses | \$ 94,693 | \$ - |
| Shares issued with convertible debt | \$ - | \$ 33,000 |
| Warrant issued with convertible debt | \$ - | \$ 88,818 |
| Equity portion of convertible debts | \$ - | \$ 124,453 |

The accompanying notes are an integral part of these audited financial statements

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Tego Cyber Inc. (the “Company”) was incorporated on September 6, 2019 in the State of Nevada. The Company was created to capitalize on the emerging cyber threat intelligence market. It has developed a cyber threat intelligence application that integrates with top end security platforms to gather, analyze, then proactively identify threats to an enterprise network. The Tego Guardian Threat Intelligence Platform takes in vetted and curated threat data and after utilizing a proprietary process, the platform compiles, analyzes, and then delivers that data to an enterprise network in a format that is timely, informative, and relevant. The threat data provides additional context including specific details needed to identify and counteract threats so that security teams can spend less time searching for disparate information. The first version of the application integrated with the widely accepted Splunk SIEM to provide real-time threat intelligence to macro enterprises using the Splunk architecture. The Company plans on developing future versions of the Tego Guardian app for integration with other established SIEM systems and platforms including: Elastic, IBM QRadar, AT&T Cybersecurity, Exabeam, and Google Chronicle. The Company also offer advanced cybersecurity consulting services including vulnerability assessments, penetration testing, vCISO services, dark web monitoring, cybersecurity policy creation and employee training.

The Company’s head office is at 8565 S. Eastern Ave. #150, Las Vegas, Nevada, 89123.

NOTE 2 – BASIS OF PRESENTATION

The accompanying interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”).

Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to US GAAP rules and regulations for presentation of interim financial information. Therefore, the unaudited interim condensed financial statements should be read in conjunction with the financial statements and the notes thereto, included in the Company’s audited financial statements for the year ended June 30, 2021. Current and future financial statements may not be directly comparable to the Company’s historical financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended June 30, 2021. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the nine months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending June 30, 2022.

NOTE 3 – GOING CONCERN UNCERTAINTY

The accompanying unaudited interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of the business. The Company has incurred material losses from operations and has an accumulated deficit. At March 31, 2022, the Company had a working capital surplus of \$630,773 and has an accumulated deficit of \$2,908,132. For the period ended March 31, 2022, the Company sustained net losses and generated negative cash flows from operations. In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. The COVID-19 pandemic and government actions implemented to contain the further spread of COVID-19 have severely restricted economic activity around the world. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. These adjustments could be material. The Company’s continuation as a going concern is contingent upon its ability to earn adequate revenues from operations and to obtain additional financing. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the interim condensed financial statements. The interim condensed financial statements and notes are representations of the Company’s management, who are responsible for their integrity and objectivity. These accounting policies conform to US GAAP and have been consistently applied in the preparation of the interim condensed financial statements.

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Basis of Preparation

The accompanying interim condensed financial statements have been prepared to present the balance sheet, the statement of operations and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows of the Company for the nine-month period ended March 31, 2022 and have been prepared in accordance with US GAAP.

Use of Estimates

In preparing the interim condensed financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the interim condensed financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. As at March 31, 2022, substantially all of the Company's cash was held by major financial institutions located in the United States, which management believes are of high credit quality. With respect to accounts receivable, the Company extended credit based on an evaluation of the customer's financial condition. The Company generally did not require collateral for accounts receivable and maintained an allowance for doubtful accounts of accounts receivable if necessary.

Cash

Cash consists of cash held at major financial institutions and is subject to insignificant risk of changes in value.

Receivables and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at net realizable value and do not bear interest. No allowance for doubtful accounts was made during the nine-month period ended March 31, 2022, based on management's best estimate of the amount of probable credit losses in accounts receivable. The Company evaluates its allowance for doubtful accounts based upon knowledge of its customers and their compliance with credit terms. The evaluation process includes a review of customers' accounts on a regular basis. The review process evaluates all account balances with amounts outstanding for more than 60 days and other specific amounts for which information obtained indicates that the balance may be uncollectible. As of March 31, 2022, there was no allowance for doubtful accounts and the Company does not have any off-balance-sheet credit exposure related to its customers.

Software

Software is stated at cost less accumulated amortization and is depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful life of the asset is 5 years and is not depreciated until it is available for use by the Company.

Leases

The Company determines if an arrangement is a lease at inception. Operating and financing right-of-use assets and lease liabilities are included on the balance sheet. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate, based on the information available at the commencement date, in determining the present value of future lease payments. Right-of-use assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Operating lease expenses are recognized on a straight-line basis over the term of the lease, consisting of interest accrued on the lease liability and depreciation of the right-of-use asset. The lease terms may include options to extend or terminate the lease if it is reasonably certain the Company will exercise that option.

Fair Value of Financial Instruments

Accounting Standards Codification (“ASC”) 820 “Fair Value Measurements and Disclosures”, adopted January 1, 2008, defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The Company’s financial instruments include cash, current receivables and payables, convertible debts, and warrants. These financial instruments are measured at their respective fair values.

The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value.

For cash, accounts receivable, accounts payable and due to related parties, it is management’s opinion that the carrying values are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and if applicable, their stated interest rate approximates current rates available.

For convertible debts, the carrying values, excluding any unamortized discounts, approximate the respective fair value. The convertible debts have been discounted to reflect their net present value as at the period ended. The carrying values of embedded conversion features not considered to be derivative instruments were determined by allocating the remaining carrying value of the convertible debt after deducting the estimated carrying value of the liability portion.

Estimating fair value for warrants require determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Revenue Recognition

Revenue from providing consulting and management services is recognized in a manner that reasonably reflects the delivery of services to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company’s customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation of the transaction price to each performance obligation; and
- recognition of revenue only when the Company satisfies each performance obligation.

These five elements as applied to the Company’s consulting services results in revenue recorded as services are provided.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes pursuant to ASC 740 "Income Taxes". ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes and allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. The provision for income taxes represents current taxes payable net of the change during the period in deferred tax assets and liabilities.

Foreign Currency Translation

The Company's functional and reporting currency is United States dollars ("USD"). The Company maintains its financial statements in the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss).

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. If applicable, diluted earnings (loss) per share assume the conversion, exercise or issuance of all common stock instruments unless the effect is to reduce a loss or increase earnings per share. The Company had no dilutive securities for the three-month and nine-month period ended March 31, 2022.

Recently Issued Accounting Pronouncements

Recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) did not or are not expected to have a material impact on the Company's present or future financial statements.

NOTE 5 – SOFTWARE

| | | |
|-------------------------|----|---------|
| Balance, June 30, 2020 | \$ | 21,500 |
| Additions | | 54,250 |
| Depreciation | | - |
| Balance, June 30, 2021 | | 75,750 |
| Additions | | 243,650 |
| Depreciation | | - |
| Balance, March 31, 2022 | \$ | 319,400 |

As at March 31, 2022, the software is not yet being used or generating revenue and therefore no depreciation has been recorded.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related parties are natural persons or other entities that have the ability, directly, or indirectly, to control another party or exercise significant influence over the party in making financial and operating decisions. Related parties include other parties that are subject to common control or that are subject to common significant influences.

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During the nine month period ended March 31, 2022, there were transactions incurred between the Company and Shannon Wilkinson, Director, CEO, CFO, Secretary and Treasurer of the Company, for management fees and contractor fees for a total of \$66,500 (March 31, 2021 - \$81,000) and net wages of \$34,099 (March 31, 2021 - \$Nil).

During the nine month period ended March 31, 2022, there were transactions incurred between the Company and Troy Wilkinson, Director and President of the Company, for management fees and contractor fees for a total of \$107,500 (March 31, 2021 - \$Nil).

During the nine month period ended March 31, 2021, there were transactions incurred between the Company and Chris White, Director and CISO of the Company, for management fees of \$12,500 (March 31, 2021 - \$Nil) and net wages of \$25,620 (March 31, 2021 - \$Nil).

NOTE 7 – COMMON SHARES

Common Stock

At March 31, 2022, the Company's authorized capital consisted of 50,000,000 of common shares with a \$0.001 par value and 25,108,044 shares were issued and outstanding.

During the nine month period ended March 31, 2022, the Company incurred the following transactions:

During the nine month period ended March 31, 2022, the Company completed various private placements whereby a total of 5,458,810 common shares were issued at a price of \$0.25 and 100,000 common shares were issued at a price of \$0.50 per share for a total value of \$1,425,202.

On October 15, 2021, the Company issued 125,000 common shares at a price of \$0.80 per share for prepaid marketing services valued at \$100,000. During the nine month period ended March 31, 2022, \$75,138 was amortized and recorded as advertising and promotion expenses.

On October 28, 2021, the Company issued 28,572 common shares at a price of \$0.70 per share for legal services valued at \$20,000.

On December 8, 2021, the Company issued 50,000 common shares at a price of \$0.71 per share for prepaid consulting services valued at \$35,250. During the nine month period ended March 31, 2022, \$14,526 was amortized and recorded as consulting expenses.

On December 31, 2021, the Company issued 937,151 common shares for the conversion of debt at a conversion price of \$0.10 per share for a total value of \$93,715. (Note 8)

On January 1, 2022, the Company issued 100,000 common shares at a price of \$0.65 per share for prepaid consulting services valued at \$65,000. During the nine month period ended March 31, 2022, \$15,893 was amortized and recorded as consulting expenses.

On March 25, 2022, the Company issued 12,000 common shares at a price of \$0.60 per share for services valued at \$7,200.

During the nine month period ended March 31, 2021, the Company incurred the following transactions:

During the period from July 2, 2020 to July 31, 2020, the Company completed various private placements whereby a total of 500,000 common shares were issued at a price of \$0.05 per share for a total value of \$25,000.

During the period from November 24, 2020 to March 31, 2021, the Company completed various private placements whereby a total of 96,000 common shares were issued at a price of \$0.25 per share for a total value of \$49,500.

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On December 28, 2020, the Company issued 110,000 shares to a non-related party at a price of \$0.10 per share for a total value of \$11,000 as commitment shares in exchange for services related to the issuance of convertible debt on Note 8 (b).

On March 29, 2021, the Company issued 88,000 shares to a non-related party at a price of \$0.25 per share for a total value of \$12,000 as debt issuance costs related to the issuance of convertible debt on Note 8 (c).

On March 29, 2021, the Company issued 100,000 shares to a director of the Company at a price of \$0.25 per share for a total value of \$25,000 in exchange for services.

Warrants

On December 28, 2020, the Company granted 1,100,000 warrants with a contractual life of two years and exercise price of \$0.25 per share to a lender as part of the convertible debt financing transaction (Note 8 (b)). The warrants were valued at \$145,744 using the Black Scholes Option Pricing Model.

On March 25, 2021, the Company granted 1,100,000 warrants with a contractual life of two years and exercise price of \$0.25 per share to a lender as part of the convertible debt financing transaction (Note 8 (c)). The warrants were valued at \$147,266 using the Black Scholes Option Pricing Model.

On April 22, 2021, the Company granted 506,838 warrants with a contractual life of two years and exercise price of \$0.25 per share to a lender as part of the convertible debt financing transaction (Note 8 (a)). The warrants were valued at \$399,087 using the Black Scholes Option Pricing Model.

On April 28, 2021, the Company granted 307,408 warrants with a contractual life of two years and exercise price of \$0.25 per share to a lender as part of the convertible debt financing transaction (Note 8 (a)). The warrants were valued at \$196,399 using the Black Scholes Option Pricing Model.

The following is a continuity schedule for the Company's outstanding warrants:

| | Number of Warrants | Weighted Average Exercise Price |
|------------------------------------|-------------------------------|--|
| Outstanding, June 30, 2021 | 3,014,246 | \$ 0.25 |
| Granted | - | - |
| Exercised | - | - |
| Expired | - | - |
| Outstanding, March 31, 2022 | 3,014,246 | \$ 0.25 |

Stock Options

On December 8, 2021, the Board of Directors of the Company approved the adoption of the 2021 Equity Compensation Plan (the "Equity Compensation Plan") to provide employees, certain consultants and advisors who perform services for the Company, and non-employee members of the Board of Directors of the Company with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units and other stock-based awards.

During the nine month period ended March 31, 2022 the Company issued a total of 6,000,000 non-qualified stock options (the "options") to directors, officers and certain key consultants. The options are subject to the terms and conditions of the Equity Compensation Plan. All granted options are subject to a five-year vesting schedule equal to 20% per year starting on the 1st day of each year following the effective date. All options have an exercise price of \$0.65 which was the closing price of the Company's common stock on the day the day grant. As of March 31, 2022 none of the options had vested.

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The following is a continuity schedule for the Company's outstanding non-qualified stock options:

| | Number of options | Weighted average exercise price |
|------------------------------------|----------------------|------------------------------------|
| Outstanding, June 30, 2021 | - | USD - |
| Granted | 6,000,000 | USD 0.65 |
| Exercised | - | USD - |
| Cancelled | - | USD - |
| Outstanding, March 31, 2021 | <u>6,000,000</u> | <u>USD 0.65</u> |

As at March 31, 2022, the Company had the following stock options outstanding:

| Grant Date | Number Outstanding | Number Exercisable | Exercise Price | Weighted Average Life (years) | Expiry Date |
|-----------------|-----------------------|-----------------------|-------------------|-------------------------------------|-----------------|
| January 3, 2022 | 125,000 | - | USD 0.65 | 9.77 | January 3, 2032 |
| January 4, 2022 | 5,875,000 | - | USD 0.65 | 9.77 | January 4, 2032 |
| Total | <u>6,000,000</u> | <u>-</u> | <u>USD 0.65</u> | <u>9.77</u> | |

During the period ended March 31, 2022, the Company recorded \$386,449 as share-based compensation.

The fair value of the options granted during the nine month period ended March 31, 2022 was estimated on the date of the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|---|---------------|
| Expected volatility | 106.83% |
| Expected option life (years) | 10 |
| Risk-free interest rate (10-year U.S. treasury yield) | 1.63 - 1.66 % |
| Expected dividend yield | <u>0%</u> |

Performance Stock Units

On December 8, 2021, the Board of Directors of the Company approved the adoption of the 2021 Equity Compensation Plan (the "Equity Compensation Plan") to provide employees, certain consultants and advisors who perform services for the Company, and non-employee members of the Board of Directors of the Company with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units and other stock-based awards.

During the nine month period ended March 31, 2022 the Company issued a total of 4,000,000 performance stock units ("performance units") to directors, officers and certain key consultants. The performance units are subject to the terms and conditions of the Equity Compensation Plan. The performance units will be earned and vest upon reaching certain market capitalization goals during the performance period ending on December 31, 2026. As of March 31, 2022, none of the performance stock units had vested and \$Nil share-based compensation expense was recorded.

The following is a continuity schedule for the Company's outstanding performance stock units:

| | Number of Options | Weighted Average Exercise Price |
|------------------------------------|----------------------|---------------------------------------|
| Outstanding, June 30, 2021 | - | \$ - |
| Granted | 4,000,000 | - |
| Released | - | - |
| Forfeited or cancelled | - | - |
| Outstanding, March 31, 2022 | <u>4,000,000</u> | <u>\$ -</u> |

NOTE 8 – CONVERTIBLE DEBTS

- (a) On November 10, 2020, the Company issued a convertible debt in the principal amount of \$20,000 each in exchange for cash. The convertible debt is unsecured, bears interest at 8% per annum compounded on the basis of a 365-day year and actual days lapsed, is convertible at \$0.10 per 1 common share, and has a maturity date of May 10, 2021. The carrying value of beneficial conversion features not considered to be derivative instruments were determined by allocating the intrinsic value of the conversion features from proceeds. As a result, total proceeds of \$20,000 were allocated to the beneficial conversion feature, recorded as equity portions of convertible debt and there were no remaining proceeds available for allocation to the liability portion of the convertible debt. The convertible debt was discounted by the amounts allocated to the conversion features.

On April 22, 2021, the Company renegotiated the terms of the convertible debt in exchange for a new convertible debt in the principal amount of \$5,245 at \$50,684, with \$4,561 original issue discount, for additional cash proceeds of \$30,000 and surrender of the convertible note previously issued. In connection with the note, the Company issued 506,838 warrants exercisable at \$0.25 per share, expiring on April 22, 2023. The warrants were calculated to have a relative fair value of \$4,088. The convertible debt is unsecured, bears interest at 8% per annum compounded on the basis of a 365-day year and actual days elapsed, is convertible at \$0.10 per 1 common share, and matures on January 22, 2022. The terms of the new convertible debt were substantially different and deemed extinguished resulting in a gain of \$18,049 recorded on extinguishment of convertible debt.

The proceeds were allocated between the convertible debt and warrants on a relative fair value basis, and the issuance costs were proportioned accordingly. The fair value of the convertible debt was calculated using the present value of the debt and related interest at 12% incremental borrowing rate as the discount rate. The warrants were valued using the Black Scholes Option Pricing Model (Note 7).

The carrying value of beneficial conversion feature not considered to be a derivative instrument was determined by allocating \$,912 for the intrinsic value of the conversion features from the remaining proceeds allocated to the convertible debt after deducting the amount allocated to the warrants. As such, there were no remaining proceeds available for allocating to the liability portion of the convertible debt.

On December 31, 2021 the outstanding balance of the convertible debt and accrued interest was converted in exchange for 583,936 common shares at a conversion price of \$0.10 per share for a total value of \$58,394. As at March 21, 2022, the carrying value of this convertible debt was \$nil (June 30, 2021 - \$14,374).

- (b) On November 10, 2020, the Company issued a convertible debt in the principal amount of \$20,000 in exchange for cash. The convertible debt is unsecured, bears interest at 8% per annum compounded on the basis of a 365-day year and actual days lapsed, is convertible at \$0.10 per 1 common share, and has a maturity date of May 10, 2021. The carrying value of beneficial conversion features not considered to be derivative instruments were determined by allocating the intrinsic value of the conversion features from proceeds. As a result, total proceeds of \$20,000 were allocated to the beneficial conversion feature, recorded as equity portions of convertible debt and there were no remaining proceeds available for allocation to the liability portion of the convertible debt. The convertible debt was discounted by the amounts allocated to the conversion features.

On April 28, 2021, the Company renegotiated the terms of the convertible debt in exchange for a new convertible debt in the principal amount of \$3,508 at \$30,741, with \$2,767 original issue discount, for additional cash proceeds of \$10,000 and surrender of the convertible note previously issued. In connection with the note, the Company issued 307,408 warrants exercisable at \$0.25 per share, expiring on April 28, 2023. The warrants were calculated to have a relative fair value of \$5,745. The convertible debt is unsecured, bears interest at 8% per annum compounded on the basis of a 365-day year and actual days elapsed, is convertible at \$0.10 per 1 common share, and matures on January 28, 2022. The terms of the new convertible debt were substantially different and deemed extinguished resulting in a gain of \$18,682 recorded on extinguishment of convertible debt.

The proceeds were allocated between the convertible debt and warrants on a relative fair value basis, and the issuance costs were proportioned accordingly. The fair value of the convertible debt was calculated using the present value of the debt and related interest at 12% incremental borrowing rate as the discount rate. The warrants were valued using the Black Scholes Option Pricing Model (Note 7).

The carrying value of beneficial conversion features not considered to be derivative instruments was determined by allocating \$1,255 for the intrinsic value of the conversion features from the remaining proceeds allocated to the convertible debt after deducting the amount allocated to the warrants. As such, there were no remaining proceeds available for allocating to the liability portion of the convertible debt.

On December 31, 2021 the outstanding balance of the convertible debt and accrued interest was converted in exchange for 53,215 common shares at a conversion price of \$0.10 per share for a total value of \$5,321. As at March 31, 2022, the carrying value of this convertible debt was \$nil (June 30, 2021 - \$8,247).

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Company leases its corporate office located at 8565 S. Eastern Ave. #150, Las Vegas, Nevada. The initial lease term is for 12 months commencing on September 8, 2019 after which the term is on a month-to-month basis. After the initial term, the Company may cancel the lease agreement at any time by providing 30 days written notice. The Company has elected the short-term lease practical expedient of 12 months and has not recorded a lease.

NOTE 10 – INCOME TAXES

As of March 31, 2022, the Company was in a loss position; therefore, no deferred tax liability was recognized related to the undistributed earnings subject to withholding tax.

Net operating loss carry forward of the Company, amounted to \$2,552,102 for the nine month period ended March 31, 2022 (June 30, 2021 - \$41,817). The net operating loss carry forwards are available to be utilized against future taxable income for years through calendar year 2041. In assessing the reliability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled projected future taxable income, and tax planning strategies in making this assessment.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report on Form 10-Q.

Overview

We were incorporated in the State of Nevada on September 6, 2019. We have developed a cyber threat intelligence application that integrates with top end security platforms to gather, analyze, then proactively identify threats to an enterprise network. The Tego Guardian app takes in vetted and curated threat data and through a proprietary process compiles, analyzes, and delivers that data to an enterprise network in a format that is timely, informative and relevant. The first version of the Tego Guardian app integrates with the Splunk SIEM (Security Information and Event Management) platform. Splunk is a recognized industry leader in data analytics and has an established user base of over 15,000 enterprise clients including 90 of the Fortune 100 companies. The Tego Guardian app will be marketed as a value-add enhancement to an existing Splunk SIEM environment. Tego Guardian adds value by providing data enrichment: a detailed ‘who, what, when and where’ of any potential cyberthreat within an enterprise network environment. Other similar applications identify that something is ‘bad’ but do not provide any additional context, so it is up to the enterprise’s cybersecurity team to analyze the threat data to establish which threats need to be acted upon. It is then up to the enterprise’s cybersecurity team to analyze the threat data to establish which threats need to be acted upon. Tego Guardian automates this process thereby saving the enterprise time and money. The Tego Guardian app is now available to Splunk SIEM platform users via direct download through Splunk’s app store: Splunkbase. Tego Cyber plans to develop future versions of the Tego Guardian app for integration with other leading SIEM platforms including Elastic, Devo, IBM QRadar, AT&T Cybersecurity, Exabeam and Google Chronicle. The goal is to have a version of the Tego Guardian available for integration with these SIEM platforms within the next two years. For more information, please visit www.tegocyber.com.

Results of Operations for the three months ended March 31, 2022 and March 31, 2021

Revenues

We are in development stage and only generated \$2,500 total revenue for the three month period ended March 31, 2022 compared to \$900 for the three month period ended March 31, 2021.

Operating Expenses

We incurred total operating expenses of \$874,018 for the three month period ended March 31, 2022 compared to \$125,735 total operating expenses for the three month period ended March 31, 2021. All of these expenses are related to the development and commercialization of our threat intelligence application and administrative expenses. The increase in operating expenses is primarily related to an increase in share based compensation expense, contractor and consultant expenses, and wages and benefits expenses.

Net Loss

We incurred a net loss of \$871,518 for the three month period ended March 31, 2022 compared to a net loss of \$199,530 for the three month period ended March 31, 2021.

Results of Operations for the nine months ended March 31, 2022 and March 31, 2021

Revenues

We are in development stage and only generated \$3,550 in total revenue for the nine month period ended March 31, 2022 compared to \$4,700 total revenue for the nine month period ended March 31, 2021.

Operating Expenses

We incurred total operating expenses of \$1,845,168 for the nine month period ended March 31, 2022 compared to \$302,286 total operating expenses for the nine month period ended March 31, 2021. All of these expenses related to the development and commercialization of our threat intelligence application and administrative expenses. The increase in operating expenses is primarily related to an increase in share based compensation expense, contractor and consultant expenses, investor relations and shareholder communication, and wages and benefits expenses.

Net Loss

We incurred a net loss of \$1,907,750 for the nine month period ended March 31, 2022 compared to a net loss of \$396,276 for the nine month period ended March 31, 2021.

Liquidity and Capital Resources

As at March 31, 2022, we have a working capital surplus of \$630,773, an accumulated net loss of \$2,908,132 and have earned limited revenue to cover operating costs. We have \$522,800 cash on hand and our burn rate is approximately \$120,000 per month. Presently, our operations are being funded by funds raised through the sales of our common stock and we believe our current available capital resources are sufficient to sustain our operations for a minimum of five months. We intend to fund future operations through equity financing arrangements. The ability for us to execute our business plan is dependent upon, among other things, obtaining additional financing to continue operations. In response to these issues, management intends to raise additional funds through public or private placement offerings. These factors, among others, raise substantial doubt about our ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cash Flow from Operating Activities

For the nine months ended March 31, 2022, the net cash flows used in our operating activities was \$1,237,266 compared to \$258,608 for the nine months ended March 31, 2021.

Cash Flow from Investing Activities

For the nine months ended March 31, 2022, the net cash used in investing activities was \$248,151 compared to \$39,250 for the nine months ended March 31, 2021.

Cash Flow from Financing Activities

For the nine months ended March 31, 2022, the net cash provided by financing activities was \$1,425,202 compared to \$322,250 for the nine months ended March 31, 2021. The cash flow provided by financing activities is related to proceeds received from sales of our common stock.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Future Financings

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund our operations and other activities.

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Expected Purchase or Sale of Significant Equipment

We do not anticipate the purchase or sale of any significant equipment, as such items are not required by us at this time or in the next twelve months.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Disagreements with Accountants on Accounting and Financial Disclosure

In connection with the review of our financial statements for the nine months ended March 31, 2022, there were no disagreements on any matter of accounting principles or practices, financial statement disclosures, or scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with Harbourside CPA's opinion to the subject matter of the disagreement.

In connection with our financial statements for the six months ended December 31, 2021, there have been no reportable events with the Company as set forth in Item 304(a)(1) (v) of Regulation S-K.

Critical Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of our management, who are responsible for their integrity and objectivity. These accounting policies conform to US GAAP and have been consistently applied in the preparation of the financial statements.

Basis of Preparation

The accompanying financial statements have been prepared to present the statements of financial position, the statements of operations and comprehensive loss, statements of changes in shareholders' deficit and cash flows for the nine months ended March 31, 2022 and March 31, 2021, and have been prepared in accordance with US GAAP.

Use of Estimates

In preparing financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and accounts receivable. During the nine month period ended March 31, 2022, all of our cash was held by major financial institutions located in the United States, which management believes are of high credit quality. With respect to accounts receivable, we extended credit based on an evaluation of the customer's financial condition. We generally do not require collateral for accounts receivable and maintained an allowance for doubtful accounts of accounts receivable if necessary.

Cash

Cash consists of cash held at major financial institutions and is subject to insignificant risk of changes in value.

Receivables and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at net realizable value and do not bear interest. No allowance for doubtful accounts was made during the nine month period ended March 31, 2022, based on management's best estimate of the amount of probable credit losses in accounts receivable. We evaluate our allowance for doubtful accounts based upon knowledge of our customers and their compliance with credit terms. The evaluation process includes a review of customers' accounts on a regular basis. The review process evaluates all account balances with amounts outstanding for more than 60 days and other specific amounts for which information obtained indicates that the balance may be uncollectible. As of March 31, 2022, there was no allowance for doubtful accounts and we do not have any off-balance-sheet credit exposure related to its customers.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") 820 "Fair Value Measurements and Disclosures", adopted January 1, 2008, defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. Our financial instruments include cash, current receivables and payables. These financial instruments are measured at their respective fair values. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value.

For cash, accounts receivables, subscription receivables, and accounts payable and accrued liabilities, it is management's opinion that the carrying values are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and if applicable, their stated interest rate approximates current rates available.

Management believes it is not practical to estimate the fair value of related party receivables and payables because the transactions cannot be assumed to have been consummated at arm's length, the terms are not deemed to be market terms, there are no quoted values available for these instruments, and an independent valuation would not be practical due to the lack of data regarding similar instruments, if any, and the associated potential costs.

Revenue Recognition

Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("Topic 606"), was adopted by us as of September 6, 2019 (date of incorporation). Our revenue recognition disclosure reflects its updated accounting policies that are affected by this new standard. We applied the "modified retrospective" transition method for open contracts for the implementation of Topic 606. As revenues are and have been primarily from consulting services, and we have no significant post-delivery obligations, this new standard did not result in a material recognition of revenue on our accompanying financial statements for the cumulative impact of applying this new standard. We made no adjustments to its previously reported total revenues, as those periods continue to be presented in accordance with its historical accounting practices under Topic 605, Revenue Recognition.

Revenue from providing consulting services under Topic 606 is recognized in a manner that reasonably reflects the delivery of services to customers in return for expected consideration and includes the following elements:

- executed contracts with our customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation of the transaction price to each performance obligation; and
- recognition of revenue only when we satisfy each performance obligation.

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These five elements as applied to our consulting and management services results in revenue recorded as services are provided.

Income Taxes

We use the asset and liability method of accounting for income taxes pursuant to ASC 740 "Income Taxes". ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes and allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are provided for deferred tax assets if it is more likely than not these items will either expire before we are able to realize their benefits, or that future deductibility is uncertain. The provision for income taxes represents current taxes payable net of the change during the period in deferred tax assets and liabilities.

Foreign Currency Translation

Our functional and reporting currency is United States dollars ("USD"). We maintain our financial statements in the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods.

Earnings per Share

Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments unless the effect is to reduce a loss or increase earnings per share. We had no dilutive securities as of March 31, 2022.

Recently Issued Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (the "FASB") issued ASU 2018-07, "Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 simplifies the accounting for nonemployee share-based payments, aligning it more closely with the accounting for employee awards. These changes become effective for our fiscal year beginning July 1, 2020. Early application is permitted. At this time, we do not expect this standard to affect our financial position, results of operations or cash flows and disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) did not or are not expected to have a material impact on our present or future financial statements.

Effect of Covid-19 Outbreak on Business Operations

In December 2019, Covid-19 was first identified, and in March 2020, the World Health Organization categorized Covid-19 as a pandemic. The Covid-19 pandemic is affecting our customers, service providers and employees, and the ultimate impacts of Covid-19 on our business, results of operations, liquidity and prospects are not fully known at this time. However, the Covid-19 outbreak has had a relatively minimal impact on our business to date. We currently do not anticipate any significant asset impairments resulting from the Covid-19 pandemic. We believe that we have the resources required to attain our growth objectives and to meet any unforeseen difficulties resulting from the Covid-19 pandemic. However, we will continue to closely monitor the Covid-19 pandemic and its impact on our business in the coming months. There have been recent spikes in Covid-19 cases, and some health experts have predicted that the Covid-19 pandemic will worsen during the winter months.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (“Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive and principal financial officers concluded as of March 31, 2022 that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses in our internal controls over financial reporting discussed immediately below.

Identified Material Weakness

A material weakness in our internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management identified the following material weakness during its assessment of internal controls over financial reporting, which are primarily due to the size of the Company and available resources:

Personnel: We do not employ a full time Chief Financial Officer. Shannon Wilkinson serves as President and Chief Executive Officer. We recently appointed Dr. Earl Johnson as Chief Financial Officer. He initially will be employed on a part-time basis until our operations warrant a full time CFO. We utilize a consultant to assist with our financial reporting. There are limited personnel to assist with the accounting and financial reporting function, which results in: (i) a lack of segregation of duties and (ii) controls that may not be adequately designed or operating effectively. Despite the existence of material weaknesses, the Company believes the financial information presented herein is materially correct and fairly presents the financial position and operating results of the three and nine months ended March 31, 2022, in accordance with GAAP. The Company intends to seek qualified accounting staff to expand its internal accounting and reporting functions.

Audit Committee: We do not yet have an audit committee, and we lack a financial expert. During 2022-2023, the Board expects to appoint an Audit Committee and to identify a committee Chairman who is an “audit committee financial expert” as defined by the Securities and Exchange Commission (“SEC”) and as adopted under the Sarbanes-Oxley Act of 2002.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed by, or under the supervision of, our CEO and CFO, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 Internal Control-Integrated Framework. Based on its evaluation, management has concluded that the Company's internal control over financial reporting was not effective as of March 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. A control system, no matter how well designed and operated can provide only reasonable, but not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their cost.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting subsequent to the nine month period ended March 31, 2022, which were identified in connection with our management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are not required by current SEC rules to include an auditor's attestation report. Our registered public accounting firm has not attested to Management's reports on our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become subject to various legal proceedings that are incidental to the ordinary conduct of its business. Although we cannot accurately predict the amount of any liability that may ultimately arise with respect to any of these matters, it makes provision for potential liabilities when it deems them probable and reasonably estimable. These provisions are based on current information and legal advice and may be adjusted from time to time according to developments.

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the nine month period ended March 31, 2022, the Company completed various private placements whereby a total of 5,458,810 common shares were issued at a price of \$0.25 and 100,000 common shares were issued at a price of \$0.50 per share for a total value of \$1,425,202.

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On October 15, 2021, the Company issued 125,000 common shares at a price of \$0.80 per share for prepaid marketing services valued at \$100,000. During the nine month period ended March 31, 2022, \$75,138 was amortized and recorded as advertising and promotion expenses.

On October 28, 2021, the Company issued 28,572 common shares at a price of \$0.70 per share for legal services valued at \$20,000.

On December 8, 2021, the Company issued 50,000 common shares at a price of \$0.71 per share for prepaid consulting services valued at \$35,250. During the nine month period ended March 31, 2022, \$14,526 was amortized and recorded as consulting expenses.

On December 31, 2021, the Company issued 937,151 common shares for the conversion of debt at a conversion price of \$0.10 per share for a total value of \$93,715. (Note 8)

On January 1, 2022, the Company issued 100,000 common shares at a price of \$0.65 per share for prepaid consulting services valued at \$65,000. During the nine month period ended March 31, 2022, \$15,893 was amortized and recorded as consulting expenses.

On March 25, 2022, the Company issued 12,000 common shares at a price of \$0.60 per share for services valued at \$7,200.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

N/A.

Item 5. Other Information.

None.

Item 6. Exhibits.

| Exhibit Number | Description of Exhibit | |
|-----------------------|--|---|
| 3.1 | Articles of Incorporation filed with the Nevada Secretary of State on September 6, 2019 | Previously filed with the SEC on September 21, 2020, as an exhibit to our S-1 Registration Statement |
| 3.2 | Bylaws | Previously filed with the SEC on September 21, 2020 as an exhibit to our S-1 Registration Statement. |
| 10.1 | Compilation of Website or Software Development Agreement and Addendum between Company and CISTCK dated June 4, 2020 | Previously filed with the SEC on October 27, 2020 as an exhibit to our amendment to our S-1 Registration Statement. |
| 10.2 | Compilation of Master Services Agreement between Company and IONnovate, LLC | Previously filed with the SEC on September 16, 2021 as an exhibit to Form 8-K. |
| 31.1 | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 31.2 | Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 32.1 | Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 101.INS* | XBRL Instance Document | Filed herewith. |
| 101.SCH* | XBRL Taxonomy Extension Schema Document | Filed herewith. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith. |
| 101.LAB* | XBRL Taxonomy Extension Labels Linkbase Document | Filed herewith. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document | Filed herewith. |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document | Filed herewith. |

* Filed herewith.

** Furnished herewith.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tego Cyber Inc.

Date: May 16, 2022

By: /s/ Shannon Wilkinson
Shannon Wilkinson
Chief Executive Officer
(Principal Executive Officer)

Tego Cyber Inc.

Date: May 16, 2022

By: /s/ Earl R. Johnson
Earl R. Johnson
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Shannon Wilkinson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant for the period ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. As the Registrant's certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. As the Registrant's certifying officer, I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Tego Cyber Inc.

Date: May 16, 2022

By: /s/ Shannon Wilkinson
Name: Shannon Wilkinson
Title: Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Shannon Wilkinson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant for the period ended March 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. As the Registrant's certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. As the Registrant's certifying officer, I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Tego Cyber Inc.

Date: May 16, 2022

By: /s/ Shannon Wilkinson
Name: Shannon Wilkinson
Title: Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Tego Cyber Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2022, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned officers of Tego Cyber Inc., certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 16, 2022

Tego Cyber Inc.

By: /s/ Shannon Wilkinson
Name: Shannon Wilkinson
Title: Chief Executive Officer
(Principal Executive Officer)

Date: May 16, 2022

Tego Cyber Inc.

By: /s/ Earl R. Johnson
Name: Earl R. Johnson
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)