CellBroadcast Group Inc.

Financial Statements

June 30, 2019 and 2018

Independent Auditors' Report

To: The Shareholders of **CellBroadcast Group Inc.**

Opinion

We have audited the financial statements of CellBroadcast Group Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2019 and 2018 and the statements of loss and comprehensive loss, changes in deficit and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which indicates that at June 30, 2019 the Company had a deficit of $201,351. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this Independent Auditors' report is Roland A. Bishop, CPA, CA.

Kenway Mack Slusarchuk Stewart LLP

September 10, 2019
Calgary, Alberta

Chartered Professional Accountants,
Chartered Accountants

CellBroadcast Group Inc.

Statements of Financial Position

As at June 30,	2019	2018
Liabilities and Capital Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	$ 5,000	$ -
Debenture (note 6)	150,000	150,000
Due to director (note 5)	46,351	46,351
	201,351	196,351
Capital deficiency		
Share capital (note 7)	816,125	816,125
Deficit	(1,017,476)	(1,012,476)
	(201,351)	(196,351)
	$ -	$ -

Going concern (note 2)

Approved on behalf of the board

(signed) "*Shelley Germann*" (signed) "*Ronald Kapeller*"

Director Director

See accompanying notes to financial statements

CellBroadcast Group Inc.

Statements of Loss and Comprehensive Loss

Years ended June 30,	2019	2018
Revenue	$ -	$ -
Expenses		
Professional fees	5,000	-
Net and comprehensive loss	$ (5,000)	$ -

See accompanying notes to financial statements

CellBroadcast Group Inc.
Statements of Changes in Deficit

	Share capital	Deficit	Total
Balance, June 30, 2017	$ 816,125	$ (1,012,476)	$ (196,351)
Net and comprehensive income	-	-	-
Balance, June 30, 2018	816,125	(1,012,476)	(196,351)
Net and comprehensive loss	-	(5,000)	(5,000)
Balance, June 30, 2019	$ 816,125	$ (1,017,476)	$ (201,351)

CellBroadcast Group Inc.

Statements of Cash Flows

Years ended June 30,		2019		2018
Operating activities				
Net and comprehensive loss	$	(5,000)	$	-
Change in non-cash working capital item				
Accounts payable and accrued liabilities		5,000		-
Increase in cash		-		-
Cash, beginning of year		-		-
Cash, end of year	$	-	$	-

See accompanying notes to financial statements

1. Nature of operations

CellBroadcast Group Inc. (the "Company") The Company was incorporated under the Alberta Business Corporations Act on June 7, 1996. The Company is currently inactive.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has a working capital deficit of $201,351 (2018 - $196,351). Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

The Company’s ability to continue to meet its obligations is uncertain and dependent on the continued financial support of its shareholders. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. Basis of presentation

a) Statement of compliance

The financial statements of the Company for the years ended June 30, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies applied in these financial statements are presented below and are based on IFRS in effect as of June 30, 2019.

The financial statements were approved by the Board of Directors on September 10, 2019.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for: measurement of financial instruments at fair value through profit or loss.

c) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make certain critical accounting estimates and assumptions and exercise its judgment in the process of applying the Company’s accounting policies and reporting amounts of revenue and expenses and the carrying values of assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There are no areas of significant estimate or judgment.

4. Significant accounting policies

a) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

b) Financial instruments

Recognition
Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification
Financial assets are classified as subsequently measured at amortized cost, fair value through profit or loss, or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement.

The Company's accounts payable and accrued liabilities, due to director and debenture are classified as financial liabilities subsequently measured at amortized cost.

Measurement
Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently, the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

4. Significant accounting policies, continued

b) Financial instruments, continued

Impairment
Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses. Expectations reflect historical credit losses, adjusted for forward looking factors. The expected credit loss provision is based on expectations for the next twelve months unless there has been a significant increase in the customer's credit risk, resulting in the provision being based on expectations for the remaining lifetime of the asset.

c) Application of new and revised International Financial Reporting Standards

The standards issued and adopted by the Company in the current year's financial statements are listed below.

IFRS 9 - Financial Instruments
On May 1, 2018, the Company adopted the new rules under IFRS 9 -Financial Instruments which includes a principle-based approach for the classification and measurement of financial assets and a forward-looking 'expected credit loss' model. The standard was adopted retrospectively. The comparative financial statements have not been restated as the adoption had no impact on amounts previously recognized in the statements of comprehensive income and financial position.

The following table outlines the classification of financial instruments under the previous standard and the new classification under IFRS 9.

Financial liability	Previous classification	New classification under IFRS 9
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to director	Amortized cost	Amortized cost
Debenture	Amortized cost	Amortized cost

IFRS 15 Revenue from contracts with customers
On May 1, 2018 the Company adopted the new rules under IFRS 15 Revenue from contracts with customers. Under the new standard revenue is recognized from the perspective of when a transfer of control to the customer is complete. Adoption of the standard had no impact on amounts previously recognized in the statements of net and comprehensive income and financial position.

The standard issued but not yet effective up to the date of issuance of the Company's financial statements is listed below.

IFRS 16 – Leases
In January 2016, The IASB issued IFRS "Leases", which replaces IAS 17 "Leases," and provides that a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases.

4. Significant accounting policies, continued

c) Application of new and revised International Financial Reporting Standards, continued

IFRS 16 comes into effect for years beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 “Revenue from Contracts with Customers” has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. It is anticipated that the adoption of IFRS 16 will not have a material impact on the Company’s financial statements and it intends to adopt IFRS 16 in its financial statements for the annual period beginning July 1, 2019.

5. Due to director

Amount due to director is unsecured, non-interest bearing and has no specific terms of repayment.

6. Convertible debenture

During a prior year, the Company raised $150,000 under the terms of a convertible debenture. The debenture is due on demand and bears interest at 6% per annum with all interest accrued to June 30, 2019 being waived by the debenture holder.

7. Share capital

Authorized with an unlimited number of the following:
- Class "A" and “B” voting, common shares
- Class "C" non-voting, common shares
- Preferred shares

	2019	2018
Class A voting, common shares (3,842,700 issued)	$ 816,125	$ 816,125

8. Income tax

Income taxes reported differ from the amount computed by applying the statutory federal and provincial income tax rates to income before income taxes. The reasons for these differences and their tax effects at a rate of 27% (2018 - 27%) are as follows:

	2019	2018
Net income before tax	$ (5,000)	$ -
Statutory rate	27.0%	27.0%
Income tax expense at statutory rate	(1,350)	-
Amount not recognized	1,350	-
Income tax expense	**$ -**	$ -

8. Income tax, continued

As at April 30, 2019, the Company has unrecognized non-capital loss carryforward assets as follows:

		2019		2018
Non-capital loss carryforwards	$	125,258	$	123,908
Amount not recognized		(125,258)		(123,908)
Asset	**$**	**-**	$	-

9. Capital disclosures

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, provide adequate working capital and maintain cash on hand. The Company defines capital as the Company's shareholders' equity. At June 30, 2019 shareholders' equity was a deficit of $201,351 (2018 – deficit of $196,351). The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

10. Financial instruments and risk management

Fair value measurements

Financial instruments carried at fair value on the balance sheet are assessed using the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Due to the short term nature of accounts payable and accrued liabilities its carrying value approximates its fair value.

The amount due from director is non-interest bearing, therefore the fair value is less than carrying value. The difference is not considered material.

The debenture matured in 2008 and subsequently all interest has been waived. The carrying value approximates the fair value.

10. Financial instruments and risk management, continued

Liquidity risk

Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of accounts payable and accrued liabilities, advances from a director and debenture. All of the Company's financial liabilities have contractual maturities of less than one year. All costs of the Company are currently being funded by a director.