

Senternet Phi Gamma Inc.
(Formerly Senternet Technologies Inc.)

Financial Statements
December 31, 2014 and 2013

Management's Responsibility for Financial Reporting

To the Shareholders of Senternet Phi Gamma Inc. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with International Financial Reporting Standards ("IFRS"). This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

To discharge its responsibilities for financial reporting and safeguarding of assets, management depends on the Company's systems of internal accounting control which management develops and maintains. These systems are designed to provide reasonable cost effective assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and for review and approving the financial statements. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board.

The Audit Committee meets periodically with management and external auditors to satisfy itself that each is properly discharging its responsibilities, to review significant accounting and reporting matters and to review the financial statements. The Audit Committee reports its findings and recommends the approval of the financial statements to the Board. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

ND LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

May 5, 2015

(signed)

Ron Haller
Director

Moe Wartzman
Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Senternet Phi Gamma Inc.
(Formerly Senternet Technologies Inc.)

We have audited the accompanying financial statements of Senternet Phi Gamma Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2014 and 2013 and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Senternet Phi Gamma Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

Toronto, Canada

May 5, 2015

TD LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Senternet Phi Gamma Inc.
 (Formerly Senternet Technologies Inc.)
STATEMENT OF FINANCIAL POSITION
 EXPRESSED IN CANADIAN DOLLARS
 AS AT DECEMBER 31,

	2014	2013
ASSETS		
Current		
Cash and cash equivalents	\$ 7,795	\$ 288
Sales tax receivable	-	7,109
Intangible asset (note 6)	424,818	-
Marketable securities	1	1
Total Assets	\$ 432,614	\$ 7,398
LIABILITIES		
Current		
Accounts Payable and accrued liabilities (includes HST of \$12,212)	\$ 127,930	\$ 8,668
Due to related parties (note 8)	535,454	438,783
	\$ 663,384	\$ 447,451
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	3,490,889	3,036,071
Deficit	(3,721,659)	(3,476,124)
	(230,770)	(440,053)
Total Liabilities and Shareholders' Equity	\$ 432,614	\$ 7,398

Approved and authorized by the Board on May 5, 2015:

Ron Haller
 Director

Moe Wortzman
 Director

The accompanying notes are an integral part of these financial statements

Senternet Phi Gamma Inc.

(Formerly Senternet Technologies Inc.)

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

EXPRESSED IN CANADIAN DOLLARS

	Year Ended December 31 2014	Year Ended December 31 2013
OPERATING EXPENSES		
Administrative expenses	\$ 38,925	\$ 225,257
Research expense	206,610	-
	<u>245,535</u>	<u>225,257</u>
Net loss	<u>(245,535)</u>	<u>(225,257)</u>
Net loss and comprehensive loss for the year	<u>\$ (245,535)</u>	<u>\$ (225,257)</u>
Loss per common share - Basic and Diluted	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding - Basic and Diluted	<u>55,485,248</u>	<u>6,694,330</u>

The accompanying notes are an integral part of these financial statements

Senternet Phi Gamma Inc.
 (Formerly Senternet Technologies Inc.)
STATEMENT OF CHANGES IN EQUITY
 EXPRESSED IN CANADIAN DOLLARS

	Number of Shares	Share Capital Note	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2012	6,694,330	\$ 3,036,071	\$ -	\$ (3,250,867)	\$ (214,796)
Net Loss and comprehensive loss for the year				(225,257)	(225,257)
Balance at December 31, 2013	6,694,330	3,036,071	-	(3,476,124)	(440,053)
Share dividend issued, four shares issued for each share held	26,777,320	-			
Shares issued for cash	1,452,028	30,000			30,000
Share based payments	20,561,570	424,818.00			424,818
Net Loss and comprehensive loss for the year				(245,535)	(245,535)
Balance at December 31, 2014	55,485,248	\$ 3,490,889	\$ -	\$ (3,721,659)	\$ (230,770)

The accompanying notes are an integral part of these financial statements

Senternet Phi Gamma Inc.
 (Formerly Senternet Technologies Inc.)
STATEMENT OF CASH FLOWS
 EXPRESSED IN CANADIAN DOLLARS

	Year Ended December 31 2014	Year Ended December 31 2013
Cash (used in) provided by operating activities:		
Net income (loss)	\$ (245,535)	\$ (225,257)
Change in non-cash working capital items		
Sales tax receivable	7,109	(6,623)
Intangible asset	(424,818)	-
Accounts payable	119,262	(206,640)
Cash flows used in operations	<u>(543,982)</u>	<u>(438,520)</u>
Cash flows provided by financing activities:		
Due to related parties	96,671	438,783
Issue of share capital	454,818	-
Cash flows provided by operations	<u>551,489</u>	<u>438,783</u>
Net change in cash	7,507	263
Cash balance, beginning of period	<u>288</u>	<u>25</u>
Cash balance, end of period	<u>\$ 7,795</u>	<u>\$ 288</u>

The accompanying notes are an integral part of these financial statements

Senternet Phi Gamma Inc.

(Formerly Senternet Technologies Inc.)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. NATURE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Ontario) on March 28, 1967 under the name Northville Explorations Ltd. On January 22, 2014 the company changed its name to Senternet Phi Gamma Inc. The principal business of the Company is the development and design of a TMItrac key fob which uses a four-step authentication solution to secure and protect personal and private data on smart devices. Given the nature of the activities no separate segmented information is reported.

The head office of the Company is located at 501-80 Richmond Street West, Toronto, Ontario M5H 2A4. The Company does not have any subsidiaries.

2. Going Concern Assumption

The financial statements have been prepared on the basis of the going concern assumption, meaning the company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has yet to finalize the product it intends to sell, and has not generated any income nor cash flows from operations, there is significant doubt regarding the Company's ability to continue as a going concern.

The company's ability to continue as a going concern is dependent upon its ability to raise additional financing to complete the development and sale of the product it intends to sell. The carrying amount of assets, liabilities, revenues and expenses presented in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate.

3. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC" and "SIC") adopted by the International Accounting Standards Board.

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Significant accounting judgments, estimates and assumptions

Estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Senternet Phi Gamma Inc.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. Significant Accounting Policies (cont'd...)

Significant accounting judgments and estimates (cont'd...)

Estimates and assumptions (cont'd...)

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are: deferred taxes, fair value of assets and liabilities, share based payments and warrants.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements:

Deferred taxes

The Company recognizes deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that sufficient taxable income will be generated in the future to recover such deferred tax assets. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize a net deferred tax assets recorded at the statements of financial position date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Fair value of assets and liabilities

The estimated fair value of assets and liabilities, by their very nature, are subject to measurement uncertainty. Accounts payable and accrued liabilities are current and their fair value is assessed at each reporting period.

Share based payments

Share based payments is based upon expected volatility, option life and estimated forfeiture rates that require significant judgment in their assessment.

Warrants

Warrant values are based upon expected volatility and warrant life estimates which require significant judgment in their assessment.

Cash

Cash include funds in corporate bank accounts.

Senternet Phi Gamma Inc.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. Significant Accounting Policies (cont'd...)

Stock-based compensation

The Company grants stock options to buy common shares of the Company through its stock option plan as described in note 5c. The Company accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options.

Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss ("FVTPL");
- b) Held-to-Maturity ("HTM");
- c) Loans and receivables; and
- d) Available for sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss. The Company classified its cash and cash equivalents as FVTPL.

Senternet Phi Gamma Inc.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. Significant Accounting Policies (cont'd...)

Financial instruments (cont'd...)

Held to maturity (“HTM”)

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of operations and comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classified its other receivable as loans and receivables.

Available for sale (“AFS”)

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of operations and comprehensive loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statements of operations and comprehensive loss.

Other financial liabilities

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its accounts payable and accrued liabilities as other financial liabilities.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

Senternet Phi Gamma Inc.

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3. Significant Accounting Policies (cont'd...)

Financial instruments (cont'd...)

For all financial assets objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statements of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Senternet Phi Gamma Inc.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. Significant Accounting Policies (cont'd...)

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Intangible Assets

Intangible assets are initially measured at cost and reported using the cost model. Under this method after initial recognition, the intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses.

New accounting standards and interpretations

Application of new and amended accounting standards

As of October 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

IFRS 10 Consolidated Financial Statements and IAS27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

Senternet Phi Gamma Inc.

(Formerly Senternet Technologies Inc.)
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DECEMBER 31, 2014 AND 2013

3. Significant Accounting Policies (cont'd...)

New accounting standards and interpretations (cont'd...)

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

Amendments to IAS 1 - Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified.

New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2014:

IFRS 9 Financial instruments This was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive

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3. Significant Accounting Policies (cont'd...)

New accounting standards and interpretations (cont'd...)

income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IAS 36 Impairment of assets

The amendments to IAS 36, issued in May 2013, require: Disclosure of the recoverable amount of impaired assets; and Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies

This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

4. Capital Stock

- a) Authorized share capital:
Unlimited number of common shares without par value
- b) Issued and outstanding:

	Number of shares	Amount
Issued common shares for cash	34,923,678	3,066,071
Issued common shares for agreement with service provider	<u>20,561,570</u>	<u>424,818</u>
Balance as at December 31, 2014	<u>\$ 55,485,248</u>	<u>\$ 3,490,889</u>

- c) Stock option plan:

The Company maintains a share option plan (the "Plan") for the benefit of management, directors, officers, employees, and service providers. The Plan provides that the aggregate number of common shares available for issuance pursuant to options granted under the Plan is limited to 5,000,000 common shares. In general, the maximum number of common shares reversed for issuance in respect of any one individual may not exceed 5.0% or in respect of insiders of the Company, may not exceed 10% of the number of common shares issued and outstanding.

Options are granted under the Plan at the discretion of the Board of Directors at exercise prices determined as trading prices of the Company's common shares on the day preceding the effective date of the grant. In general, options granted under the Plan vest over a period of up to a maximum of five years from the grant date and expire no later than the fifth anniversary of the grant date. As of the balance sheet date, there are 1,500,000 options issued to a service provider at an exercise price of \$.050 expiring on April 7, 2019. 187,500 options vested during the year in equal amounts on April 7, 2014, October 7, 2014. These options are currently outstanding as of the financial statement date and the value of these options is nominal as the company shares are not currently trading. A further 187,500 options vest in equal amounts on April 7, 2015 and October 7, 2015.

5. Financial Instruments and Risk

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

Senternet Phi Gamma Inc.

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5. Financial Instruments and Risk (cont'd...)

At December 31, 2014 and 2013, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of cash and cash equivalents, other receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of this instrument. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company is not exposed to significant interest rate risk

6. Intangible Asset

The Company entered into an agreement dated January 27, 2014 to design a TMItrac key fob with an arms length party. Under the terms of the agreement, the Company issued common shares for the right to purchase the TMItrac key fob from a related party as of yearend, in exchange for 20,561,570 common shares at a value of \$424,818. The TMItrac key fob is a unique multifunctional device which will track mobile smart devices located within certain proximity and warns the device user of its separation from the device.

Amounts related to research and design of the TMItrac key fob were expensed during the year as they did not qualify for development of an intangible asset. The asset is determined to have an indefinite useful life and no amortization was recorded for the fiscal year.

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 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014 AND 2013

6. Intangible Asset (cont'd...)

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Opening balance	\$-	\$-
Additions from issuance of shares for agreement to purchase	424,818	-
Ending balance	<u>\$424,818</u>	<u>\$-</u>

7. Income Taxes

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary difference become deductible. Management considers future taxable income uncertainties related to the industry in which the Company operates and tax planning strategies in making this assessment. The income tax benefit in the statements of operations and comprehensive income differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 38% for the years ended December 31, 2014 (2013-36%) to loss for the year.

	<u>2014</u>	<u>2013</u>
Income tax recovery based on statutory rate	\$ (1,332,423)	\$(1,239,120)
Unrecorded tax benefit of losses	<u>1,332,423</u>	<u>1,239,120</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has non capital loss carry forwards of approximately \$655,623 (2013: \$410,088) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2014	\$16,739
2015	5,110
2016	24,073
2017	38,518
2018	17,475
2019	17,995
2020	16,721
2021	18,532
2022	29,668
2023	225,527
2024	<u>245,535</u>
	<u>\$ 655,623</u>

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7. Income Taxes (cont'd...)

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that deferred taxable profit will be available against which the Company can utilize such deferred tax assets.

8. Due to Related Parties

	December 31, 2014	December 31, 2013
Advances from Heritage Trust Company, due on demand, unsecured and non-interest bearing.	\$73,782	\$67,497
Advances from Fastcorp group of companies, due on demand, unsecured and non-interest bearing.	\$362,592	\$363,706
Advances from 1370383 Ontario Ltd., due on demand, unsecured and non-interest bearing.	\$91,500	-
Advances from Prime, due on demand, unsecured and non-interest bearing.	\$7,580	7,580
	<u>\$535,454</u>	<u>\$438,783</u>

9. Related Party Transactions

During the period, the Company paid \$99,292 to related parties for administration, accounting and office services and research expense (2013 – \$23,130).

During the year the Company issued common shares for the right to purchase the TMItrac key fob from related parties in exchange for 20,561,570 common shares at a value of \$424,818.

An additional nil (2013 -\$200,000) was invoiced by a company controlled by directors for services rendered in relation to business development and potential acquisitions.

During the year, the companies controlled by directors agreed to defer payments of related party accounts payable to no earlier than January 1, 2015.

10. Comparative Figures

Certain of the prior period's figures may have been reclassified in conformity with the current period's financial statement presentation.