# BRISIO INNOVATIONS INC.
**(formerly known as Netco Silver Inc.)**

## Consolidated Financial Statements
(Expressed in Canadian dollars)

**December 31, 2013 and 2012**

**Index**


**Independent Auditor's Report**

**Consolidated Financial Statements**

Consolidated Statements of Financial Position

Consolidated Statements of Comprehensive Loss

Consolidated Statement of Changes in Shareholders' Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

**Crowe MacKay LLP**
Member Crowe Horwath International
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
+1.604.687.4511 Tel
+1.604.687.5805 Fax
+1.800.351.0426 Toll Free
www.crowemackay.ca

**Independent Auditor's Report**

**To the Shareholders of**
**Brisio Innovations Inc.**

We have audited the accompanying consolidated financial statements of Brisio Innovations Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brisio Innovations Inc. and its subsidiaries as at December 31, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Brisio Innovations Inc. to continue as a going concern.

**"Crowe MacKay LLP"**

**Chartered Accountants**
**Vancouver, British Columbia**
**April 9, 2014**

## Brisio Innovations Inc.
**(formerly known as Netco Silver Inc.)**

## Consolidated Statements of Financial Position

*(Expressed in Canadian dollars)*

| | Notes | | **December 31, 2013** | | December 31, 2012 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | | **$** | **238,302** | $ | 29,557 |
| Accounts receivable | | | **39,129** | | 44,768 |
| GST / HST recoverable | | | **3,781** | | 1,708 |
| Prepaid expenses | | | **2,429** | | 1,379 |
| | | | **283,641** | | 77,412 |
| **Non-current assets** | | | | | |
| Software applications | 8 | | **53,975** | | - |
| | | | **53,975** | | - |
| | | **$** | **337,616** | $ | 77,412 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 13 | **$** | **165,125** | $ | 116,710 |
| | | | **165,125** | | 116,710 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | 10 | | **19,334,037** | | 18,834,037 |
| Contributed surplus | 10 | | **874,735** | | 753,834 |
| Deficit | | | **(20,036,281)** | | (19,627,169) |
| | | | **172,491** | | (39,298) |
| | | **$** | **337,616** | $ | 77,412 |

Nature and continuance of operations (note 1)
Commitment (note 14)
Subsequent events (note 15)

**Approved on behalf of the Board:**

*"Paul Andreola"* **Director**

*"Steve Vestergaard"* **Director**

*The accompanying notes are an integral part of these consolidated financial statements*

## Brisio Innovations Inc.

**(formerly known as Netco Silver Inc.)**

## Consolidated Statements of Comprehensive Loss

*(Expressed in Canadian dollars)*

| Year Ended December 31, | Notes | | 2013 | | 2012 |
|---|---|---|---|---|---|
| **GENERAL AND ADMINISTRATION EXPENSES** | | | | | |
| Management fees | 13 | **$** | **70,000** | $ | 140,400 |
| Office and general | | | **92,572** | | 127,914 |
| Professional fees | | | **79,412** | | 141,732 |
| Share-based compensation | 10, 13 | | **120,901** | | 23,630 |
| Transfer agent and filing | | | **42,740** | | 21,102 |
| Write down of exploration and evaluation assets | 7 | | **-** | | 758,091 |
| | | | **405,625** | | 1,212,869 |
| **Loss before other items** | | | **(405,625)** | | (1,212,869) |
| **OTHER ITEMS** | | | | | |
| Foreign exchange gain (loss) | | | **(3,726)** | | (66,629) |
| Interest and miscellaneous income | | | **239** | | 1,225 |
| | | | **(3,487)** | | (65,404) |
| **Loss and comprehensive loss for the year** | | **$** | **(409,112)** | $ | (1,278,273) |
| **Basic and diluted loss per share** | | **$** | **(0.04)** | $ | (0.14) |
| **Weighted average number of shares outstanding** | | | **11,600,733** | | 9,186,608 |

*The accompanying notes are an integral part of these consolidated financial statements*

## Brisio Innovations Inc.
**(formerly known as Netco Silver Inc.)**

## Consolidated Statement of Changes in Shareholders' Equity

*(Expressed in Canadian dollars)*

| | Number of Shares | Share Capital | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|
| **Balance as at January 1, 2013** | 9,401,655 | $ 18,834,037 | $ 753,834 | $ (19,627,169) | -$ 39,298 |
| Share-based compensation | - | - | 120,901 | - | 120,901 |
| Issue of share capital, net | 9,333,331 | 500,000 | - | - | 500,000 |
| Adjustment | (8) | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | (409,112) | (409,112) |
| **Balance as at December 31, 2013** | 18,734,978 | **$ 19,334,037** | **$ 874,735** | **$ (20,036,281)** | **$ 172,491** |

| | Number of Shares | Share Capital | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|
| **Balance as at January 1, 2012** | 8,064,655 | $ 18,041,108 | $ 717,380 | $ (18,348,896) | $ 409,592 |
| Share-based compensation | - | - | 23,630 | - | 23,630 |
| Finder's warrants | - | (12,824) | 12,824 | - | - |
| Issue of share capital, net | 1,337,000 | 805,753 | - | - | 805,753 |
| Total comprehensive loss for the year | - | - | - | (1,278,273) | (1,278,273) |
| **Balance as at December 31, 2012** | 9,401,655 | **$ 18,834,037** | **$ 753,834** | **$ (19,627,169)** | **$ (39,298)** |

*The accompanying notes are an integral part of these consolidated financial statements*

## Brisio Innovations Inc.
**(formerly known as Netco Silver Inc.)**

## Consolidated Statements of Cash Flows

*(Expressed in Canadian dollars)*

| Year Ended December 31, | | 2013 | | 2012 |
|---|---|---|---|---|
| **CASH FLOWS PROVIDED BY (USED IN):** | | | | |
| **Operating activities** | | | | |
| Net loss for the year | **$** | **(409,112)** | $ | (1,278,273) |
| Adjustment for items not involving cash: | | | | |
| Foreign exchange loss | | **3,726** | | 66,629 |
| Share-based compensation | | **120,901** | | 23,630 |
| Write down of exploration and evaluation assets | | **-** | | 758,091 |
| | | **(284,485)** | | (429,923) |
| Changes in non-cash working capital: | | | | |
| Decrease (increase) in accounts receivable | | **5,639** | | (34,316) |
| Increase (decrease) in accounts payable and accrued liabilities | | **48,415** | | 28,305 |
| Decrease (increase) in GST / HST recoverable | | **(2,073)** | | 5,444 |
| Decrease (increase) in prepaid expenses | | **(1,050)** | | 2,192 |
| | | **(233,554)** | | (428,298) |
| **Investing activities** | | | | |
| Exploration and evaluation assets | | **-** | | (487,805) |
| Software applications | | **(53,975)** | | - |
| | | **(53,975)** | | (487,805) |
| **Financing activities** | | | | |
| Issuance of common shares | | **500,000** | | 763,253 |
| | | **500,000** | | 763,253 |
| **Foreign exchange on cash** | | **(3,726)** | | (66,629) |
| **Increase (decrease) in cash** | | **208,745** | | (219,479) |
| **Cash and cash equivalents,** beginning of year | | **29,557** | | 249,036 |
| **Cash and cash equivalents,** end of year | **$** | **238,302** | $ | 29,557 |

Supplemental cash flow information

The Company paid $1,381 (2012 - $nil) for interest and $nil (2012 - $nil) for income taxes.
The Company received no cash receipts for interest and income taxes.

Non-cash investing and financing activities

During the year ended December 31, 2013, the Company issued nil (2012 - 250,000) common shares with a value of $Nil (2012 - $42,500) pursuant to mineral exploration property agreements.
During the year ended December 31, 2013, the Company issued nil (2012 - 320,600) finder's warrants valued at $Nil (2012 - $12,824).

Cash and cash equivalents consists of:

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Cash | $ | 238,302 | $ | 6,357 |
| Term deposits | | - | | 23,200 |
| | $ | 238,302 | $ | 29,557 |

*The accompanying notes are an integral part of these consolidated financial statements*

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Brisio Innovations Inc. (formerly known as Netco Silver Inc.) (the “Company”) is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. At December 31, 2013, the Company’s shares were listed on the TSX Venture Exchange (“TSXV”). The head office and principal address is 580 Hornby Street, Suite 490, Vancouver, British Columbia, Canada, V6C 3B6.

On February 7, 2014, the Canadian Securities Exchange (“CSE”) approved the listing of the Company’s common shares on the CSE. At the close of trading on February 11, 2014, the Company’s shares were delisted from the TSXV.

The consolidated financial statements of the Company as at and for the years ended December 31, 2013 and 2012 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the acquisition, development and marketing of software applications for mobile computing devices, such as smart phones, tablets and wearable computers. The Company was previously involved in the mining and petroleum and natural gas industries.

During the year ended December 31, 2013, the Company completed a 5 for 1 share consolidation. All references to number of shares, warrants, stock options and per share amounts have been retroactively restated to reflect the consolidation, unless otherwise noted.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Group will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Group currently has minimal revenues from the sale of mobile software applications, has a working capital of $118,516 (2012 – working capital deficiency of $39,298) and an accumulated deficit of $20,036,281 (2012 - $19,627,169). These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Group’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

## 2. BASIS OF PREPARATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were approved by the Board of Directors on April 9, 2014.

## 2. BASIS OF PREPARATION (continued)

(b) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency.

(c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for financial assets classified as fair value through profit or loss which are stated at their fair value.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Use of estimates and judgments:

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

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 years affected.

Significant accounting estimates:

a. The inputs used in accounting for share-based compensation in profit or loss;
b. The assessment of indications of impairment of each property and related determination of the net realizable value and write-down of those properties where applicable;
c. The tax basis of assets and liabilities and related deferred income tax assets and liabilities;
d. Amounts of provisions, if any, for decommissioning obligations; and
e. Rates of depreciation of intangible assets.

## 2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments (continued):

Significant accounting judgments:

a. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management; and

b. The analysis of the functional currency for each entity of the Group. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

(a) Basis of consolidation

(i) Subsidiaries:

The consolidated financial statements of the Company include its wholly-owned subsidiaries, Green River Petroleum (USA) Inc., incorporated in the State of Wyoming and in the State of Washington, USA and Netco Argentina S.A., incorporated in Argentina. Both subsidiaries were inactive at December 31, 2013.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Jointly controlled operations and jointly controlled assets:

Many of the Group's resource activities and oil and natural gas activities involve jointly controlled assets. The consolidated financial statements include the Group's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(a) Basis of consolidation (continued)

(iii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Any foreign currency gains or losses are recognized in net income (loss) for the period.

(c) Financial instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Group has classified its cash and cash equivalents as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Group’s accounts receivable are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Group has not classified any financial asset as available-for-sale.

Transactions costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(c) Financial instruments (continued)

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Group's accounts payable and accrued liabilities are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit and loss. The Group has not classified any financial liabilities as FVTPL.

The Group is not engaged in any financial derivative contracts.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and cash equivalents that are readily convertible into cash and which are subject to insignificant risk of changes in value.

(e) Intangible assets

Intangible assets are recorded at cost upon acquisition and are depreciated over their estimated lives. Depreciation is expensed over the estimated useful life of the assets using the straight-line method. The Company monitors events and changes in circumstances which require an assessment of recoverability. If the carrying amount of the intangible assets is not recoverable, an impairment loss is recognized in profit or loss, determined by comparing the carrying amount of the asset to its fair value.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation assets

Exploration and evaluation ("E&E") costs are those expenditures incurred on properties for which technical feasibility and commercial viability have not been determined. Exploration and evaluation costs, including the costs of acquiring licenses, acquisition of rights to explore, geological and geophysical, drilling, sampling, trenching and survey costs, decommissioning and often directly attributable internal costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

(g) Impairment

(i) Financial assets:

A financial asset, other than those designated as FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics.

---

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(g) Impairment (continued)

(i) Financial assets (continued):

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets:

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

---

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) Revenue recognition

The Group derives revenues from the sale of software and mobile applications through various platforms. The Group recognizes revenue when all of the following conditions are satisfied: (i) significant risks and rewards have transferred to the buyer; (ii) the Company no longer retains managerial involvement or effective control over the goods sold; (iii) the fee amount of revenue can be measured reliably; (iv) it is probable the economic benefits associated with the transaction will flow to the Company; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

According to IAS 18-7/18-8, a business which is acting as a principal in a transaction recognizes the amounts billed to the end client as revenue. In order to determine if a business is acting as a principal or as an agent, the risks and responsibilities taken by the business to deliver the goods or render the services should be evaluated.

In this regard, the Group referred to IAS18.IE21, which provides a list of indicators to determine whether a business is acting as a principal or an agent.

For every contract signed, the Group examines its characteristics in order to determine whether it is appropriate to recognize the net or gross revenue from services rendered by agents.

(i) Decommissioning obligations

When the Group’s activities give rise to dismantling, decommissioning and site disturbance remediation activities, provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management’s best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that if the income tax expense related to items recognized directly in equity, the income tax expense would also be recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred tax is recognized 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. 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

(k) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(l) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Earnings (loss) per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

(n) New accounting standards and interpretations not yet adopted

IFRS 9 – Financial Instruments

In an effort to reduce the complexity of accounting for financial instruments, the IASB is engaged in a project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities, which may affect the Company's accounting for its financial assets. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to a company's own credit risk out of earnings and recognized the change in other comprehensive income. The application date of this standard has not been determined.

IFRS 10 - Consolidated Financial Statements and IFRS 12, Disclosures of Interests in Other Entities and IAS 27, Separate Financial Statements

IFRS 10 and 12 and IAS 27 have been amended with an effective date for annual periods beginning or after January 1, 2014. The amendments provides for the definition of an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity. The amendments also deal with the disclosures required and preparation of separate financial statements of an investment entity.

IAS 32 - Financial Instruments

Presentation, this amendment provides clarification on the application of offsetting rules. These amendments are effective for annual periods beginning on or after January 1, 2014.

IAS36 - Impairment of Assets

This amendment requires disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments are effective for annual periods beginning on or after January 1, 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) New accounting standards and interpretations not yet adopted (continued)

The Group is currently assessing the impact that this revised or new standard will have on the financial statements.

### 4. DETERMINATION OF FAIR VALUES

Estimates of the fair value of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. At December 31, 2013, the Group's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. These items are recognized on the statement of financial position at their carrying value which approximated their fair value due to their short-term nature.

All financial instruments measured at fair value are categorized into a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Group’s financial assets measured at fair value by level within the fair value hierarchy.

| **December 31, 2013** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash and cash equivalents | $ 238,302 | $ - | $ - | $ 238,302 |

| December 31, 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Cash and cash equivalents | $ 29,557 | $ - | $ - | $ 29,557 |

## 5. FINANCIAL RISK MANAGEMENT

(a) Overview

The Group's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- market risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors oversees management's establishment and execution of the Group's risk management framework. Management has implemented and monitors compliance with risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Group's cash is held in bank accounts and due to the short-term nature of these financial instruments fluctuations in market interest rates do not have an impact on the fair value as at December 31, 2013.

The Group's sensitivity to interest rates is currently immaterial due to the short term maturity of its monetary assets and liabilities.

## 5. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Foreign currency risk

Currency risk is the risk to the Group's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Group does not use derivative instruments to reduce its exposure to foreign currency risk.

At December 31, 2013, the Group had the following financial assets and liabilities:

| | US Dollars | Argentine Pesos |
|---|---|---|
| Cash | $ - | 3,765 |
| Accounts receivable | $ - | 234,513 |
| Accounts payable | $ 19,725 | 165,668 |

At December 31, 2013 US dollar amounts were converted at a rate of $1.00 US dollars to $1.0636 Canadian dollars and Argentine pesos amounts were converted at a rate of 1.00 Argentine pesos to $0.1632 Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Group is not exposed to significant other price risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Group's cash and cash equivalents and accounts receivable are exposed to credit risk. The credit risk on cash and cash equivalents is considered small because the funds have been placed with major Canadian and Argentinean financial institutions. Management believes that the credit risk related to its accounts receivable is remote.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet liabilities when due.

At December 31, 2013, the Group had a cash balance of $238,302, accounts receivable of $39,129 and GST / HST recoverable of $3,781. The Group has accounts payable and accrued liabilities of $165,125.

## 6. CAPITAL MANAGEMENT

The Group considers its capital structure to include working capital and shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Group is reasonable.

The Group is not subject to any external capital restrictions and the Group did not change its approach to capital management during the year.

## 7. EXPLORATION AND EVALUATION ASSETS

| | | |
|---|---|---|
| Balance, December 31, 2011 | $ | 227,786 |
| Additions | | 530,305 |
| Write down | | (758,091) |
| Balance, December 31 2012 | $ | - |

Argentina, Toruel property:

In March 2011, the Company entered into an option agreement (the "Agreement") with Marifil Mines Ltd. ("Marifil") whereby Marifil granted the Company an option (the "Option") to acquire up to a 75% interest in Marifil's Toruel property located in the Rio Negro Province of the Republic of Argentina (the "Property").

On September 19, 2012, the Company and Marifil Mines Ltd. entered into an assignment and purchase agreement, whereby the Company agreed to purchase all of Marifil's 100-per-cent interest in the Toruel copper-silver project, located in the Rio Negro province of Argentina, and all exploration data related thereto.

On November 26, 2012, the Company announced the assignment and purchase agreement dated September 19, 2012 was terminated. The Toruel property was returned to Marifil. Consequently, the Company wrote off the full value of the property as at September 30, 2012.

## 8. INTANGIBLE ASSETS

In December 2013, the Company purchased all rights, intellectual property and online assets associated with the "On the Fly – Voice Translator" iOS mobile application (the "app") for US$50,000 (C$53,975).

Depreciation of intangible assets is computed using the straight-line method and is recognized over a three year period. During the year ended December 31, 2013, $nil depreciation was recognized.

## 9. DECOMMISSIONING OBLIGATIONS

No decommissioning liability has been accrued at December 31, 2013 for the Group's properties as there has been no activity on the properties that would obligate the Group to do so.

## 10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Issued

On August 26, 2013, the Company received TSX Venture Exchange approval for the consolidation of its common shares on a one (1) post-consolidations common share for every five (5) pre-consolidation common shares.

| | **Year ended December 31, 2013** | | Year ended December 31, 2012 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| Common shares: | | | | |
| Balance, beginning of year | 9,401,655 | $ 18,834,037 | 8,064,655 | $ 18,041,108 |
| Share consolidation adjustment | (8) | - | - | - |
| Transactions during the year: | | | | |
| Private placement | 9,333,331 | 500,000 | 1,287,000 | 750,429 |
| Marifil option agreement | - | - | 50,000 | 42,500 |
| Balance, end of year | **18,734,978** | **$19,334,037** | **9,401,655** | **$18,834,037** |

On February 20, 2012, in connection with the closing of the Agreement (described above in Note 7), the Company issued 50,000 common shares to Marifil as required under the terms of the Option Agreement with Marifil with respect to the Toruel Property. The price

**10. SHARE CAPITAL** (continued)

(b) Issued (continued)

per share was based on the closing price on date of issuance, for a total value of $42,500.

On February 29, 2012, the Company closed the first tranche of the non-brokered private placement financing, pursuant to which the Company issued 955,000 units at a price of $0.625 per unit for gross proceeds of $596,875. Each unit consisted of one common share of the Company and one half of one common share purchase warrant, and each warrant entitles the holder to purchase an additional common share at $1.10 per share for a period of 24 months from the closing of the financing. The warrants contain a provision providing that if the Company's shares trade at a closing price in excess of $0.30 on the TSX Venture Exchange (or such other exchange on which the Company's shares are then principally traded) for a period of 10 consecutive trading days, the Company may issue a notice accelerating the expiry date to 30 days from the date of such notice. In connection the closing of the first tranche, the Company paid aggregate cash commissions of $35,700 and issued an aggregate of 57,120 finder's warrants, with each finder's warrant exercisable into one common share at a price of $0.625 per share for a period of 18 months.

On March 2, 2012, the Company closed the final tranche of the non-brokered private placement financing, pursuant to which the Company issued 332,000 units at a price of $0.625 per unit for gross proceeds of $207,500. Each unit consisted of one common share of the Company and one half of one common share purchase warrant and each warrant entitles the holder to purchase an additional common share at $1.10 per share for a period of 24 months from the closing of the financing. The warrants contain a provision providing that if the Company's shares trade at a closing price in excess of $0.30 on the TSX Venture Exchange (or such other exchange on which the Company's shares are then principally traded) for a period of 10 consecutive trading days, the Company may issue a notice accelerating the expiry date to 30 days from the date of such notice. In connection with the closing of the final tranche, the Company paid aggregate cash commissions and fees of $5,422 and issued an aggregate of 7,000 finder's warrants, with each finder's warrant exercisable into one common share at a price of $0.625 per share for a period of 18 months.

A total fair value cost of $12,824 has been recognized as share issuance costs and has been recorded in contributed surplus in recognition of the fair value of the finder's warrants issued in the first and second tranches of the private placements described above.

**10. SHARE CAPITAL** (continued)

(b) Issued (continued)

On October 3, 2013, the Company closed a non-brokered private placement financing (the "Financing") of 8,000,000 units (each, a "Unit") at a price of $0.05 per Unit for gross proceeds of $400,000. Each Unit consists of one common shares of the Company (each a "Share") and one share purchase warrant (each, a "Warrant"). One Warrant entitles the holder thereof to purchase one additional Share of the Company at a price of $0.10 per Share for a period of two years after closing of the Financing.

On October 24, 2013, the Company closed a non-brokered private placement financing (the "Second Financing") of 1,333,331 Units at a price of $0.075 per Unit for gross proceeds of $100,000. Each Unit consists of one Share of the Company and one Warrant. One Warrant entitles the holder thereof to purchase one additional Share of the Company at a price of $0.10 per Share for a period of two years after the closing of the Second Financing.

**10. SHARE CAPITAL** (continued)

(c) Stock options

The Company has a stock option plan in accordance with the policies on the TSX Venture Exchange whereby, from time to time at the discretion of the board of directors, stock options are granted to directors, officers and certain consultants.

Under the plan up to 10% of the total number of issued common shares of the Company, calculated on a non-diluted basis, at the time an option is granted are available for the issuance of stock options. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 10 years. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares issued and outstanding at the time of grant unless disinterested shareholder approval is obtained. Any options granted to consultants or persons performing Investor Relations under the Amended Stock Option Plan shall vest to the optionee as follows: 25% at date of grant, 25% six months from date of grant, 25% nine months from date of grant and the remaining 25% twelve months from the date of grant. All other options granted under the Amended Stock Option Plan shall have vesting terms set at the discretion of the Board of Directors.

On April 12, 2012, the Company granted a total of 48,000 stock options to an officer and consultants at an exercise price of $0.75 per share for a period of 5 years.

On September 27, 2013, the Company granted a total of 850,000 stock options to officers, directors and consultants at an exercise price of $0.15 per share for a period of 5 years.

For the year ended December 31, 2013, $120,901 (2012 - $23,630) has been recorded as share-based compensation relating to options issued and fully vested during the period. The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield 0% (2012 – 0%), expected annual volatility 172% (2012 – 124%); risk-free interest rate 1.86% (2012 – 1.16%); market share price of $0.15 (2012 - $0.12); forfeiture rate of 0% and expected life of 5 years. The weighted average fair value of options granted was $0.14 (2012 - $0.12) per option. Expected volatility was based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises.

**10. SHARE CAPITAL** (continued)

(c) Stock options (continued)

A summary of the stock option activity is as follows:

| | **December 31, 2013** | | December 31, 2012 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Balance, beginning of year | 428,000 | $0.70 | 380,000 | $0.70 |
| Granted | 850,000 | 0.15 | 48,000 | 0.75 |
| Expired/Cancelled | (213,000) | (0.74) | - | - |
| Balance, end of year | 1,065,000 | $0.26 | 428,000 | $0.70 |

As at December 31, 2013 and 2012, the Company has outstanding directors' and employees' incentive stock options enabling the holders to acquire additional common shares as follows:

| Number of options outstanding | Number of options exercisable | Exercise Price | Expiry Date |
|---|---|---|---|
| 75,000 | 75,000 | $ 0.60 | March 4, 2016 |
| 20,000 | 20,000 | $0.825 | April 28, 2016 |
| 120,000 | 120,000 | $0.75 | October 18, 2016 |
| 850,000 | 850,000 | $0.15 | September 27, 2018 |
| 1,065,000 | 1,065,000 | | |

(d) Warrants

| | **December 31, 2013** | | December 31, 2012 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Balance, beginning of year | 1,405,764 | $1.05 | 2,498,144 | $1.70 |
| Issued | 9,333,331 | $0.10 | 707,620 | $1.05 |
| Expired/Cancelled | (762,264) | ($1.01) | (1,800,000) | ($1.95) |
| Balance, end of year | 9,976,831 | $0.16 | 1,405,764 | $1.05 |

## 10. SHARE CAPITAL (continued)

(d) Warrants (continued)

As at December 31, 2013, the Company has outstanding share purchase warrants entitling the holders to acquire additional common shares, as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 477,500 | $1.10 | February 28, 2014 |
| 166,000 | $1.10 | March 2, 2014 |
| 8,000,000 | $0.10 | October 3, 2015 |
| 1,333,331 | $0.10 | October 24, 2015 |
| 9,976,831 | | |

Subsequent to the year end, 643,500 warrants at a price of $1.10 per warrant expired unexercised.

## 11. INCOME TAXES

Income tax expense varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

| | **2013** | 2012 |
|---|---|---|
| Loss for the year before income tax | $ (409,112) | $ (1,278,273) |
| Statutory Canadian corporate tax rate | 25.75% | 25.00% |
| Anticipated tax recovery | (105,346) | (319,568) |
| Change in tax rates resulting from: | | |
| Effect of tax rate change | (47,100) | - |
| Effect of jurisdictional tax rate difference | (4,421) | (71,764) |
| Unrecognized items for tax | 32,390 | 6,945 |
| Tax benefits not realized | 124,477 | 384,387 |
| Income tax expense (recovery) | $ - | $ - |

## 11. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets are as follows:

| | 2013 | 2012 |
|---|---|---|
| Exploration and evaluation assets | $ 2,775,395 | $ 2,750,561 |
| Non-capital loss carry forwards | 1,883,008 | 1,780,744 |
| Capital loss carry forwards | 127,249 | 122,355 |
| Other | 12,776 | 16,790 |
| | 4,798,428 | 4,670,450 |
| Unrecognized deferred tax assets | (4,798,428) | (4,670,450) |
| Deferred income taxes | $ - | $ - |

At December 31, 2013, the Company has available non-capital tax losses for Canadian income tax purposes of $1,876,822 and net operating losses for US income tax purposes of $3,269,618 (US$2,970,077) available for carry-forward to reduce future years' taxable income, if not utilized, expiring as follows:

| | Canada | United States |
|---|---|---|
| 2018 | $ - | $ 1,387,021 |
| 2027 | 113,090 | 152,685 |
| 2028 | 378,101 | 280,495 |
| 2029 | 259,831 | 367,360 |
| 2030 | 166,062 | 442,758 |
| 2031 | 316,115 | 318,805 |
| 2032 | 373,867 | 318,778 |
| 2033 | 269,756 | 1,716 |
| | $ 1,876,822 | $ 3,269,618 |

## 12. SEGMENTED REPORTING

Losses:

| | Canada | United States | Argentina | Total |
|---|---|---|---|---|
| December 31, 2013 | $363,186 | $1,716 | $44,210 | $409,112 |
| December 31, 2012 | $566,057 | $1,073 | $711,143 | $1,278,273 |

## 13. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Group for the years ending December 31, 2013 and 2012:

| **December 31,** | **2013** | 2012 |
|---|---|---|
| Compensation of key management: | | |
| Management fees | $ 70,000 | $140,400 |
| Share-based compensation | 92,453 | 14,769 |
| | $162,453 | $155,169 |

Included in accounts payable and accrued liabilities at December 31, 2013 is $20,000 (2012 - $31,600) due to directors for unpaid management fees. During the year ended December 31, 2013 a director loaned the Company $50,000 (see Note 14); which was repaid with interest of $1,151 during the year.

On May 9, 2013, three Directors of the Company each loaned the Company $750 for a total of $2,250 for general working capital. These were considered short-term loans that were non-interest bearing and were repaid during the fourth quarter.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

There were no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel for the years ended December 31, 2013 and 2012.

## 14. COMMITMENT

On August 6, 2013, the Company obtained an aggregate of $60,000 in loans, for 12 months, bearing interest at a rate of 12% per annum. The loans were repaid during the year $60,000 principal plus interest of $1,381.

The lenders had agreed to loan such funds to the Company in consideration for the Company issuing as a bonus an aggregate of 240,000 common shares of the Company to the lenders. As of December 31, 2013, the bonus shares have not been issued.

## 15. SUBSEQUENT EVENTS

On February 7, 2014, the Canadian Securities Exchange ("CSE") approved the listing of the Company's common shares on the CSE. At the close of trading on February 11, 2014, the Company's shares were delisted from the TSXV.

Prior to the market open on February 12, 2014, the Company effected its name change to "Brisio Innovations Inc." and a continuance of the Company out of the Province of Alberta and into the Province of British Columbia. The Company began trading on the CSE at market open on February 12, 2014 under the trading symbol BZI.

## 15. SUBSEQUENT EVENTS (continued)

In February 2014, the Company purchased all the rights and intellectual property and online assets associated with a portfolio of 40 applications.

Also in February 2014, the Company acquired all rights, intellectual property and online assets associated with Boostify, an Android smartphone speed booster and battery saver.

On February 28, 2014, the Company announced that it intends to complete a non-brokered private placement financing (the "Financing") of up to 833,333 units (each, a "Unit") at a price of $0.30 per Unit for gross proceeds of up to $250,000. Each Unit will consist of one common share of the Company (each, a "Share") and one-half of one share purchase warrant (each, a "Warrant"). Each whole Warrant will entitle the holder thereof to purchase one additional Share at a price of $0.45 per Share for a period of one year from the closing of the Financing, subject to an acceleration provision whereby, in the event that the Shares trade above $0.60 per Share for a period of ten consecutive trading days, the Company may accelerate the expiry date of the Warrants, to a date that is thirty days after the completion of such period. The proceeds of the Financing will be used for general working capital, Finders' fee may be payable in connection with the Financing in accordance with the policies of the CSE.

Also on February 28, 2014, the Company granted stock options to certain of its directors, officers and consultant to purchase a total of 300,000 common shares of the Company pursuant to the terms of the Company's stock option plan. All options are exercisable at a price of $0.30 per share for five years.

On February 28, 2014, a total of 477,500 warrants at a price of $1.10 expired.

On March 2, 2014, an additional 166,000 warrants at a price of $1.10 expired.

## 15. SUBSEQUENT EVENTS (continued)

On March 14, 2014, the Company entered into a non-binding letter of intent (the "LOI") with OakBranch Media Inc. ("OakBranch") to acquire up to 100% of the issued and outstanding securities of OakBranch and its underlying assets (the "Transaction"). Under the terms of the LOI, Brisio will undertake the Transaction on the following terms:

a) in consideration for aggregate cash payments of $130,000, to be paid by Brisio to OakBranch upon the achievement of certain milestones by OakBranch to be determined by Brisio and specified in the definitive agreement to be entered into between Brisio and OakBranch with respect to the Transaction (the "Definitive Agreement"), Brisio will acquire securities of OakBranch, of a class to be determined and specified in the Definitive Agreement, sufficient to give Brisio a 30% voting and equity interest in OakBranch;

b) OakBranch will grant Brisio an option, that will expire one year from the date of closing of the Definitive Agreement (the "Closing"), to acquire additional securities of OakBranch, of a class to be determined and specified in the Definitive Agreement, sufficient to give Brisio an additional 19.9% voting and equity interest in OakBranch, bringing Brisio's total interest in OakBranch to 49.9%, exercisable upon: (i) the issuance by Brisio to OakBranch of 250,000 common shares of Brisio (each, a "Brisio Share"), and (ii) the payment of $75,000 by Brisio to OakBranch; and

c) OakBranch will cause each of the shareholders of OakBranch (collectively, the "OakBranch Shareholders") to grant Brisio a right of first refusal to acquire the remaining 50.1% of the outstanding voting and equity interests of OakBranch from time to time the OakBranch Shareholders on terms to be specified in the Definitive Agreement.

Completion of the Transaction is subject to a number of conditions, which will be further specified in the Definitive Agreement, including satisfactory completion of due diligence by Brisio on OakBranch and receipt of the approval of the CSE for the Transaction.

On March 17, 2014, 100,000 stock options were exercised for total proceeds of $15,000.

On April 2, 2014 the Company announced that it had purchased all rights and intellectual property and online assets associated with "Spermy's Journey, A Race To The Egg!", an Android and IOS game app. The Company paid the vendor US$130,000 as consideration for these assets.