

BRISIO INNOVATIONS INC.

Consolidated Financial Statements

(Expressed in Canadian dollars)

December 31, 2016 and 2015

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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, 2016 and December 31, 2015, and the consolidated statements of comprehensive income (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 Canadian 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, 2016 and December 31, 2015 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 Professional Accountants
Vancouver, British Columbia
April 12, 2017**

Brisio Innovations Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		\$ 21,554	\$ 21,038
Accounts receivable		29,084	3,685
GST recoverable		1,935	5,925
Prepaid expenses		7,467	9,503
		60,040	40,151
Non-current assets			
Convertible note	7	1,495,112	-
Investments	10	3,214,335	482,797
		4,709,447	482,797
		\$ 4,769,487	\$ 522,948
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 229,709	\$ 179,836
		229,709	179,836
SHAREHOLDERS' EQUITY			
Share capital	11	20,393,294	20,102,544
Contributed surplus	11	1,046,628	1,003,113
Accumulated other comprehensive income		2,269,855	313,764
Deficit		(19,169,999)	(21,076,309)
		4,539,778	343,112
		\$ 4,769,487	\$ 522,948

Nature and continuance of operations (note 1)

Approved on behalf of the Board:

"Paul Andreola"	Director
"Colin Bowkett"	Director

The notes are an integral part of these consolidated financial statements

Brisio Innovations Inc.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian dollars)

Year Ended December 31,	Notes	2016	2015
Revenue		\$ 6,384	\$ 16,829
Cost of sales		(3,169)	(83,551)
Gross profit (loss)		3,215	(66,722)
GENERAL AND ADMINISTRATION EXPENSES			
Management fees	13	75,000	90,000
Office and general		107,630	88,290
Professional fees		37,304	54,178
Share-based payment	11,13	43,515	-
Transfer agent and filing		21,686	25,301
		285,135	257,769
Loss before other items		(281,920)	(324,491)
OTHER ITEMS			
Foreign exchange gain		6,660	4,390
Impairment of investment in associate	9	-	(92,000)
Change in fair value of convertible note	7	1,397,612	-
Loss from investment in associate	9	-	(8,000)
Impairment of software applications	8	-	(87,698)
Realized gain on sale of investment	10	491,658	46,210
Impairment of investment	10	-	(108,000)
Write-off of accounts receivable		-	(12,707)
		1,895,930	(257,805)
Income (Loss) before income tax		1,614,010	(582,296)
Deferred income tax recovery	12	292,300	46,873
Net income (loss)		1,906,310	(535,423)
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized gain on available-for-sale investments, net of tax	10	2,383,833	313,764
Reallocation of gain on available-for-sale investments realized in net income (loss), net of tax	10	(427,742)	-
		1,956,091	313,764
Total comprehensive income (loss) for the year		\$ 3,862,401	\$ (221,659)
Basic and diluted earnings (loss) per share		\$ 0.07	\$ (0.02)
Weighted average number of shares outstanding - basic		28,155,627	24,595,537
Weighted average number of shares outstanding - diluted		28,191,323	24,595,537

The notes are an integral part of these consolidated financial statements

Brisio Innovations Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance as at January 1, 2016	25,235,162	\$ 20,102,544	\$ -	\$ 1,003,113	\$ 313,764	\$ (21,076,309)	\$ 343,112
Share-based payment	-	-	-	43,515	-	-	43,515
Issue of share capital, net	3,826,666	290,750	-	-	-	-	290,750
Other comprehensive income	-	-	-	-	1,956,091	-	1,956,091
Net income for the year	-	-	-	-	-	1,906,310	1,906,310
Balance as at December 31, 2016	29,061,828	\$ 20,393,294	\$ -	\$ 1,046,628	\$ 2,269,855	\$ (19,169,999)	\$ 4,539,778

	Number of Shares	Share Capital	Share Subscriptions Received	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance as at January 1, 2015	19,977,309	\$ 19,670,082	\$ 155,539	\$ 961,636	\$ -	\$ (20,540,886)	\$ 246,371
Issue of share capital, net	5,257,853	432,462	(155,539)	41,477	-	-	318,400
Unrealized gain on AFS investments, net of tax	-	-	-	-	313,764	-	313,764
Net loss for the year	-	-	-	-	-	(535,423)	(535,423)
Balance as at December 31, 2015	25,235,162	\$ 20,102,544	\$ -	\$ 1,003,113	\$ 313,764	\$ (21,076,309)	\$ 343,112

The notes are an integral part of these consolidated financial statements

Brisio Innovations Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

Year Ended December 31,	2016	2015
CASH FLOWS PROVIDED BY (USED IN):		
Operating activities		
Net income (loss) for the year	\$ 1,906,310	\$ (535,423)
Adjustment for items not involving cash:		
Foreign exchange gain	(6,660)	(4,390)
Write-off of accounts receivable	-	12,707
Amortization	-	77,983
Share-based payment	43,515	-
Realized gain on sale of investment	(491,658)	(46,210)
Deferred income tax recovery	(292,300)	(46,873)
Loss from investment in associate	-	8,000
Impairment of investment	-	108,000
Impairment of investment in associate	-	92,000
Impairment of software applications	-	87,698
Change in fair value of convertible note	(1,397,612)	-
	(238,405)	(246,508)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(25,399)	(8,322)
Decrease (increase) in GST recoverable	3,990	(4,119)
Decrease (increase) in prepaid expenses	2,036	(7,176)
Increase (decrease) in accounts payable and accrued liabilities	49,873	(2,325)
	(207,905)	(268,450)
Investing activities		
Convertible note	(97,500)	-
Software applications	-	1,721
Sale of investments	637,966	70,250
Purchase of investments	(629,385)	(204,200)
	(88,919)	(132,229)
Financing activities		
Issuance of common shares	283,250	235,000
Exercise of warrants	7,500	83,400
	290,750	318,400
Foreign exchange on cash	6,590	4,390
Increase (decrease) in cash and cash equivalents	516	(77,889)
Cash and cash equivalents, beginning of year	21,038	98,927
Cash and cash equivalents, end of year	\$ 21,554	\$ 21,038
Cash and cash equivalents consist of:		
Cash	\$ 10,054	\$ 9,538
Guaranteed investment certificate	11,500	11,500
	\$ 21,554	\$ 21,038

The notes are an integral part of these consolidated financial statements

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

1. NATURE AND CONTINUANCE OF OPERATIONS

Brisio Innovations Inc. (the “Company”) is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”). The head office and principal address is 409 Granville Street, Suite 1052, Vancouver, British Columbia, Canada, V6C 1T2.

The consolidated financial statements of the Company as at and for the years ended December 31, 2016 and 2015 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group primarily invests its capital in companies and opportunities which management believes are undervalued in order to build a portfolio of investments.

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.

For the year ended December 31, 2016, the Group generated \$6,384 (2015 - \$16,829) in gross revenue from the sale of mobile software applications, has a working capital deficit of \$169,669 (2015 – \$139,685) and an accumulated deficit of \$19,169,999 (2015 - \$21,076,309). These material uncertainties 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 earning sufficient returns on its investments 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 12, 2017.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

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 instruments that are measured 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 judgement of indications of impairment of each asset and related determination of the net realizable value and write-down of these assets where applicable;
- b. The tax basis of assets and liabilities and related deferred income tax assets and liabilities;
- c. Rates of depreciation of software applications;
- d. The inputs used in determining the valuation of share purchase warrants owned by Brisio; and
- e. The fair value of the convertible note.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

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;
- 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.
- c. The going concern risk assessment (see note 1); and
- d. The determination of whether there is objective evidence that an available for sale investment is impaired thereby requiring the reclassification of the cumulative loss from equity to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years 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 Washington, USA and Netco Argentina S.A., incorporated in Argentina. Both subsidiaries were inactive at December 31, 2016.

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) 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.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 and the convertible note 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's investments are classified 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.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

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 recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments in associates

An associate is an entity over which the Company has significant influence. If the Company holds, directly or indirectly (i.e. through subsidiaries), 20% or more of the voting power of the investee, it is presumed the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

If the Company has significant influence over an investee, it accounts for its investment in an associate using the equity method. Under the equity method, on initial recognition, the investment in an associate is recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition. The Company's share of the investee's profit or loss is recognized in the Company's profit or loss.

Distributions received from an investee reduce the carrying amount of the investment. It may also be necessary to adjust the carrying amount for changes in the Company's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The Company's share of those changes is recognized in other comprehensive income.

(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.

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.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(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.

(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.

For revenue earned through certain mobile platforms, revenue is recognized based on the gross amount because the Group is acting as the principal and has the contractual right to determine the price to be paid. The related platform and payment processing fees are recorded as cost of sales in the period incurred.

Advertising revenue for advertisements within the applications are recorded net of amounts retained by advertising networks.

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue recognition (continued)

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) 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.

Deferred tax is recognized using the 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.

(j) 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

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share capital (continued)

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.

(k) 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 profit or loss 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 profit or 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 profit or loss, 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

BRISIO INNOVATIONS INC.

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended December 31, 2016 and 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share-based payments (continued)

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.

(l) Earnings (loss) per share

Basic earnings (loss) 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 (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(m) Changes in accounting policies

The Company adopted the following new standards and interpretations issued by the IASB effective January 1, 2016. The adoption of these standards had no impact on the Group's financial statements.

IFRS 10 (Amendment)	<i>Consolidated Financial Statements</i>
IFRS 11 (Amendment)	<i>Joint Arrangements</i>
IAS 16 (Amendment)	<i>Property, Plant and Equipment</i>
IAS 27 (Amendment)	<i>Separate Financial Statements</i>
IAS 28 (Amendment)	<i>Investments in Associates and Joint Ventures</i>
IAS 38 (Amendment)	<i>Intangible Assets</i>

The following standards and interpretations have been issued but are not yet effective. The Group is currently assessing the impact that these standards will have on the financial statements. The Group plans to adopt these standards as soon as they become effective for the Group's reporting period.

Effective annual periods beginning on or after January 1, 2018:	
IFRS 9	<i>Financial Instruments: Classification and Measurement</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 2 (Amendment)	<i>Clarification of Classification & Measurement of Share Based Payment Transactions</i>
Effective annual periods beginning on or after January 1, 2019:	
IFRS 16	<i>Leases</i>

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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, 2016, the Group's financial instruments include cash and cash equivalents, accounts receivable, convertible note, investments, and accounts payable and accrued liabilities. Cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities 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, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 21,554	\$ -	\$ -	\$ 21,554
Investment - shares	\$ 2,766,988	\$ -	\$ -	\$ 2,766,988
Investment - warrants	\$ -	\$ -	\$ 447,347	\$ 447,347
Convertible note	\$ -	\$ -	\$ 1,495,112	\$ 1,495,112

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 21,038	\$ -	\$ -	\$ 21,038
Investment - shares	\$ 480,002	\$ -	\$ -	\$ 480,002
Investment - warrants	\$ -	\$ -	\$ 2,795	\$ 2,795

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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 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 significant impact on the fair value as at December 31, 2016.

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

(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.

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5. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Foreign currency risk (continued)

At December 31, 2016, the Group had the following financial assets and liabilities in foreign currencies:

	US Dollars	Argentine Pesos
Cash	\$ 120	(550)
Accounts receivable	\$ -	696
Accounts payable	\$ 19,725	370,898

At December 31, 2016 US dollar amounts were converted at a rate of \$1.00 US dollars to \$1.3427 Canadian dollars and Argentine pesos amounts were converted at a rate of 1.00 Argentine pesos to \$0.08535 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 exposed to significant other price risk. A 5% increase or decrease in the value of its investments by approximately \$160,000.

(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 majority of 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, 2016, the Group had a cash balance of \$21,554, accounts receivable of \$29,084 and GST recoverable of \$1,935. The Group has accounts payable and accrued liabilities of \$229,709. The Group intends to raise funds adequate to meet its liquidity needs for the next twelve months via private placement or the sale of over-performing investments.

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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 period.

7. CONVERTIBLE NOTE

On September 12, 2016, the Company completed an investment in ImmunoPrecise Antibodies Ltd. ("**IPA**"). The Company subscribed for a convertible note in the principal amount of \$97,500 (the "**Convertible Note**"). The Convertible Note earns interest at a rate of 5% per annum, calculating and accruing daily from the date of issue, payable in arrears on an annual basis commencing on September 12, 2017. Such interest shall be paid in Canadian currency or common shares in accordance with the terms.

In the event that IPA completes a reverse takeover to list on stock exchange ("**Pubco**"), the principal amount of the Convertible Note will be convertible into 650,000 units of Pubco issued at a price of \$0.15 per unit. Each Unit will consist of one common share of Pubco (a "**Pubco Share**") and one share purchase warrant ("**Pubco Warrant**"). Each Pubco Warrant will entitle the Company to acquire one additional Pubco Share at a price of \$0.30 per share for a period of twelve (12) months from the date of issue of the Pubco Warrants.

At December 31, 2016, the Company has earned interest in the amount of \$1,261.

At December 31, 2016, the Convertible Note was revalued to fair value due to the conversion feature embedded in the Convertible Note. As a result, the change in fair value of the Convertible Note is \$1,397,612. The estimated fair value of the Convertible Note comprises the fair value of the shares and the fair value of the warrants determined by the use of the Black-Scholes option-pricing model with the following assumptions: Dividend yield 0%; expected annual volatility 100%; risk-free interest rate 0.75%; market share price of \$1.29; and expected life of 1 year. Expected volatility was based on the volatility of similar companies.

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8. INTANGIBLE ASSETS

Software Applications:

Cost	
Balance at December 31, 2014	\$ 237,246
Refund	(1,721)
Impairment	(235,525)
Balance at December 31, 2016 and 2015	\$ -
Amortization	
Balance at December 31, 2014	\$ 69,844
Amortization expense included in cost of sales	77,983
Impairment	(147,827)
Balance at December 31, 2016 and 2015	\$ -
Carrying amounts	
December 31, 2015	\$ -
December 31, 2016	\$ -

During the year ended December 31, 2015, the Company assessed whether there were any indications that intangible assets were impaired. Management noted that due to declining revenues and consistent losses, the intangible assets appeared to be impaired. Upon calculating the recoverable amount of the intangible assets to be \$nil, the Company recognized an impairment of \$87,698.

9. INVESTMENT IN ASSOCIATE – OAKBRANCH MEDIA INC.

On June 9, 2014, the Company executed a Definitive Agreement to acquire up to 100% of the issued and outstanding securities of unrelated party OakBranch Media Inc. (“OakBranch”) and its underlying assets.

As of December 31, 2015, the Company had made aggregate cash payments of \$100,000 to OakBranch. On September 21, 2015, 333,334 shares were issued to the Company. As such, Brisio is considered to have significant influence over OakBranch, which has resulted in OakBranch now being considered an equity investee.

The Company’s option to acquire additional securities of OakBranch, sufficient to give the Company an additional 19.9% voting and equity interest in OakBranch, expired on June 8, 2015, as the Company elected not to pursue the acquisition of the additional equity position.

At December 31, 2015, the Company assessed whether there were any indications that the investment in associate was impaired. Management noted that due to a lack of revenue growth and limited business prospects, the investment in associate appeared to be impaired. Upon calculating the recoverable amount of the investment in associate to be \$nil, the Company recognized an impairment of \$92,000 and loss from investment in associate of \$8,000.

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10. INVESTMENTS

December 31, 2016

	Lite Access Technologies Inc.		Intema Solutions Inc. – shares		Intema Solutions Inc. – warrants		Hamilton Thorne Ltd.		International Barrier Tech		Pioneering Technologies- shares		Pioneering Tech - warrants	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, January 1, 2016	440,199	\$449,002	1,800,000	\$ 27,000	2,000,000	\$ 2,795	20,000	\$ 4,000	-	\$ -	-	\$ -	-	\$ -
Purchased	-	-	-	-	-	-	-	-	30,000	9,840	1,267,000	166,670	600,000	-
Proceeds from sale	(108,700)	(170,136)	(1,800,000)	(69,280)	-	-	(20,000)	(3,600)	(12,500)	(4,125)	(601,500)	(381,825)	-	-
Realized gain (loss)	-	147,658	-	42,280	-	-	-	(600)	-	25	-	302,670	-	-
Unrealized gain (loss)	-	196,694	-	-	-	(2,795)	-	200	-	(315)	-	571,330	-	447,347
Balance, Dec. 31, 2016	331,499	\$623,218	-	\$ -	2,000,000	\$ -	-	\$ -	17,500	\$ 5,425	665,500	\$658,845	600,000	\$447,347

	Renoworks Software Inc.		NAMSYS Inc		Distinct Infrastructure		Allur Group		ImmunoPrecise Antibodies		Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Balance, January 1, 2016	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 482,797
Purchased	100,000	31,000	100,000	34,000	75,000	9,375	523,332	78,500	1,000,000	300,000	629,385
Proceeds from sale	-	-	-	-	(75,000)	(9,000)	-	-	-	-	(637,966)
Realized gain (loss)	-	-	-	-	-	(375)	-	-	-	-	491,658
Unrealized gain (loss)	-	15,000	-	31,000	-	-	-	-	-	990,000	2,248,461
Balance, Dec. 31, 2016	100,000	\$ 46,000	100,000	\$ 65,000	-	\$ -	523,332	\$78,500	1,000,000	\$1,290,000	\$3,214,335

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10. INVESTMENTS (continued)

December 31, 2015

	Lite Access Technologies Inc.		Intema Solutions Inc. – shares		Intema Solutions Inc. – warrants		Hamilton Thorne Ltd.		Total
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Balance, December 31, 2014	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
Purchased	499,999	100,000	2,000,000	150,000	2,000,000	-	20,000	4,200	254,200
Proceeds from sale	(59,800)	(66,280)	(200,000)	(3,970)	-	-	-	-	(70,250)
Realized gain (loss)	-	57,240	-	(11,030)	-	-	-	-	46,210
Unrealized gain (loss)	-	358,042	-	-	-	2,795	-	(200)	360,637
Impairment	-	-	-	(108,000)	-	-	-	-	(108,000)
Balance, December 31, 2015	440,199	\$449,002	1,800,000	\$ 27,000	2,000,000	\$ 2,795	20,000	\$ 4,000	\$482,797

During the year ended December 31, 2015, the Company determined that the significant decline in value of its investment in Intema Solutions Inc. evidenced an impairment and recognized an impairment loss of \$108,000.

During the year ended December 31, 2014, the Company advanced \$50,000 which was used to acquire shares of Lite Access Technologies Inc. during the year ended December 31, 2015.

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11. SHARE CAPITAL

(a) Authorized

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

(b) Issued

	December 31, 2016		December 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Common shares:				
Balance, beginning of year	25,235,162	\$20,102,544	19,977,309	\$19,670,082
Transactions during the year:				
Private placement	3,776,666	283,250	4,423,853	349,062
Warrants exercised	50,000	7,500	834,000	83,400
Balance, end of year	29,061,828	\$20,393,294	25,235,162	\$20,102,544

On January 7, 2015, the Company closed its non-brokered private placement pursuant to which it sold an aggregate of 2,073,853 units at a price of \$0.075 per unit for gross proceeds of \$155,539. Each unit sold was comprised of one common share in the capital of the Company and one-half of one transferable share purchase warrant. Each warrant entitled the holder to acquire one common share at a price of \$0.15 per share until January 7, 2016. The warrants were subject to an acceleration clause. The warrants were valued at \$41,477.

On January 27, 2015, the Company closed its non-brokered private placement pursuant to which it sold an aggregate of 2,350,000 units at a price of \$0.10 per unit for gross proceeds of \$235,000. Each unit sold was comprised of one common share in the capital of the Company and one-half of one transferable share purchase warrant. Each warrant entitled the holder to acquire one common share at a price of \$0.20 per share until January 27, 2016. The warrants were subject to an acceleration clause.

On March 9, 2015, 50,000 outstanding warrants were exercised at a price of \$0.10 per share.

On July 14, 2015, 784,000 outstanding warrants were exercised at a price of \$0.10 per share.

In March 2016, the Company closed a non-brokered private placement pursuant to which it sold an aggregate of 3,776,666 Units at a price of \$0.075 per Unit, for gross proceeds of \$283,250. Each Unit consists of one common share of the Company (each, a "Share") and one-half of one share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one additional Share at a price of \$0.15 per Share

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11. SHARE CAPITAL (continued)

(b) Issued (continued)

for a period of one year from closing of the Financing, subject to an acceleration provision whereby, in the event that the average closing price is equal to or greater than \$0.20 per Share for a period of fifteen consecutive trading days, the Company may accelerate the expiry date of the Warrants, to a date that is thirty days after the notice of completion of such period.

On December 12, 2016, 50,000 outstanding warrants were exercised at a price of \$0.15 per share.

(c) Stock options

The Company has a stock option plan in accordance with the policies on the Canadian Securities 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.

A summary of the stock option activity is as follows:

	December 31, 2016		December 31, 2015	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	1,325,000	\$0.24	1,325,000	\$0.24
Granted	650,000	0.10	-	-
Expired/Cancelled	(135,000)	0.72	-	-
Balance, end of year	1,840,000	\$0.15	1,325,000	\$0.24

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11. SHARE CAPITAL (continued)

(c) Stock options (continued)

As at December 31, 2016, 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
740,000	740,000	\$0.15	September 27, 2018
300,000	300,000	\$0.30	February 28, 2019
150,000	150,000	\$0.10	December 12, 2019
650,000	650,000	\$0.10	August 4, 2021
1,840,000	1,840,000		2.75 years remaining

On March 4, 2016, 35,000 options with an exercise price of \$0.60 expired unexercised.

On April 28, 2016, 20,000 options with an exercise price of \$0.825 expired unexercised.

On August 4, 2016, the Company granted 650,000 stock options to officers and directors of the Company. The stock options were granted for a period of 5 years, expiring on August 4, 2021, and each stock option will allow the holder to purchase a common share of the Company at an exercise price of \$0.10.

For the year December 31, 2016, \$43,515 (2015 - \$nil) has been recorded as share-based payment 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% expected annual volatility 129%; risk-free interest rate 0.75%; market share price of \$0.10; forfeiture rate of 0% and expected life of 5 years. 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.

On October 18, 2016, 80,000 stock options at a price of \$0.75 expired unexercised.

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11. SHARE CAPITAL (continued)

(d) Warrants

	December 31, 2016		December 31, 2015	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	2,211,927	\$0.18	9,680,497	\$0.12
Issued	1,888,331	0.15	2,211,927	0.18
Exercised	(50,000)	(0.15)	(834,000)	(0.10)
Expired/Cancelled	(2,211,927)	(0.18)	(8,846,497)	(0.12)
Balance, end of year	<u>1,838,331</u>	<u>\$0.15</u>	<u>2,211,927</u>	<u>\$0.18</u>

The outstanding warrants have a weighted average remaining life of 0.23 years.

On January 7, 2016, 1,036,927 warrants expired unexercised.

On January 27, 2016, 1,175,000 warrants expired unexercised.

On December 12, 2016, 50,000 warrants were exercised at \$0.15 per share.

Subsequent to year end, 1,838,331 warrants were exercised at \$0.15 per share.

12. 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:

	2016	2015
Income (loss) for the year before income tax	\$ 1,614,010	\$ (582,296)
Statutory Canadian corporate tax rate	26.00%	26.00%
Anticipated tax expense (recovery)	419,643	(151,397)
Change in tax rates resulting from:		
Effect of jurisdictional tax rate difference	(170)	(560)
Non capital loss expired	16,716	-
Unrecognized items for tax	(219,435)	21,084
Tax benefits not realized (realized)	(509,054)	84,000
Income tax expense (recovery)	<u>\$ (292,300)</u>	<u>\$ (46,873)</u>

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12. INCOME TAXES (continued)

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

	2016	2015
Exploration and evaluation assets	\$ 3,531,690	\$ 3,625,512
Non-capital loss carry forwards	2,390,669	2,474,843
Capital loss carry forwards	98,406	121,241
Investments	(339,174)	(19,834)
Software applications	61,237	61,237
Other	2,209	4,944
	5,745,037	6,267,943
Unrecognized deferred tax assets	(5,745,037)	(6,267,943)
Deferred income taxes	\$ -	\$ -

At December 31, 2016, the Company has available non-capital tax losses for Canadian income tax purposes of approximately \$2,681,000, expiring as follows:

	Canada
2026	\$ 1,000
2027	327,000
2028	164,000
2029	260,000
2030	166,000
2031	325,000
2032	365,000
2033	270,000
2034	306,000
2035	368,000
2036	129,000
	\$ 2,681,000

The Company also has non-capital losses for US income tax purposes of \$3,988,755 (US\$2,970,697) available for carry-forward to reduce future year's taxable income and if not utilized, expires between 2018 and 2035.

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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, 2016 and 2015 are:

December 31,	2016	2015
Compensation of key management:		
Management fees	\$ 75,000	\$ 90,000
Share based payment	43,515	-
Total	\$118,515	\$ 90,000

Paul Andreola, President and Director was paid or accrued management fees of \$34,000 (2015 - \$54,000) Colin Bowkett, Director was paid or accrued management fees of \$28,000 (2015 - \$18,000) and Scott MacEachern, Chief Financial Officer was paid or accrued management fees of \$13,000 (2014 - \$18,000).

Included in accounts payable and accrued liabilities at December 31, 2016 is \$67,375 (2015 - \$45,900) due to directors for unpaid management fees.

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, 2016 and 2015.

14. SUBSEQUENT EVENTS

On January 17, 2017, the Company closed a non-brokered private placement of 5,332,833 units at a price of \$0.15 per unit for gross proceeds of \$799,925. Each unit consists of one common share of the Company and one-quarter of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one addition share at a price of \$0.25 per share for a period of two years from the closing of the financing, subject to an acceleration provision whereby, in the event that the average closing price is equal to or greater than \$0.40 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 notice of completion of such period.

1,838,331 warrants were exercised at \$0.15 per share subsequent to year end for gross proceeds of \$275,750.