

# **BRISIO INNOVATIONS INC.**

## **Condensed Interim Consolidated Financial Statements**

(Unaudited – Expressed in Canadian dollars)

**For the Three and Six Months Ended June 30, 2018 and 2017**

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#### **Condensed Interim Consolidated Financial Statements**

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2018 and 2017.

**BRISIO INNOVATIONS INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited – Expressed in Canadian Dollars)

		As at June 30, 2018	As at December 31, 2017
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,135,873	49,145
Accounts receivable		13,450	26,141
GST recoverable		9,248	5,381
Prepaid expenses		11,841	8,117
		<b>3,170,412</b>	<b>88,784</b>
<b>Non-current assets</b>			
Convertible note	5	381,999	581,235
Investments	6	4,097,922	3,810,580
Deferred acquisition costs	6	17,224	-
Long-term deposit for investment	6	11,756,480	-
		<b>19,424,037</b>	<b>4,480,599</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		142,736	245,383
Loans payable	8	11,491,463	-
		<b>11,634,199</b>	<b>245,383</b>
<b>Long-term liabilities</b>			
Convertible debenture – liability portion	9	258,413	-
		<b>11,892,612</b>	<b>245,383</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	24,599,296	21,539,936
Subscription advances	10	591,533	-
Convertible debt – Equity	9	15,809	-
Contributed surplus		1,282,349	1,251,950
Deficit	7	(18,957,562)	(18,556,670)
		<b>7,531,425</b>	<b>4,235,216</b>
		<b>19,424,037</b>	<b>4,480,599</b>

Nature of operations and going concern (note 1)  
Subsequent events (note 12)

**Approved on behalf of the Board**

\_\_\_\_\_  
“Paul Andreola”                      **Director**

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“Colin Bowkett”                      **Director**

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

**BRISIO INNOVATIONS INC.**  
**Condensed Interim Consolidated Statements of Comprehensive Income (Loss)**  
**For the three and six months ended June 30, 2018 and 2017**  
(Unaudited – Expressed in Canadian Dollars)

	Notes	For the six months ended June 30, 2018 \$	For the three months ended June 30, 2018 \$	For the six months ended June 30, 2017 \$	For the three months ended June 30, 2017 \$
<b>INCOME</b>					
Unrealized gain (loss) on investments	6	(224,610)	850,373	2,424,232	(423,179)
Realized gain (loss) on sale of investments	6	116,152	(85,388)	30,977	-
Revenue		-	-	31	31
Cost of sales		-	-	-	(92)
<b>Gross profit (loss)</b>		<b>(108,458)</b>	<b>764,985</b>	<b>2,455,240</b>	<b>(423,240)</b>
<b>GENERAL AND ADMINISTRATION EXPENSES</b>					
Management fees	11	35,000	17,000	36,000	18,000
Office and general		121,764	104,997	41,195	24,165
Professional fees	11	24,569	4,533	17,875	3,787
Transfer agent and filing		20,815	16,916	29,356	5,532
		<b>202,148</b>	<b>143,446</b>	<b>124,426</b>	<b>51,484</b>
<b>Gain (Loss) before other items</b>		<b>(310,606)</b>	<b>621,539</b>	<b>2,330,814</b>	<b>(474,724)</b>
<b>OTHER ITEMS</b>					
Accretion expense		(4,621)	(4,621)	-	-
Foreign exchange gain (loss)		(85,665)	(86,611)	3,561	3,828
		<b>(90,286)</b>	<b>(91,232)</b>	<b>3,561</b>	<b>3,828</b>
<b>Net income (loss)</b>		<b>(400,892)</b>	<b>530,307</b>	<b>2,334,375</b>	<b>(470,896)</b>
<b>Basic and diluted earnings (loss) per share</b>		<b>(0.01)</b>	<b>0.01</b>	<b>0.07</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding - basic</b>		<b>39,569,370</b>	<b>42,300,689</b>	<b>31,970,214</b>	<b>31,970,214</b>

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

## BRISIO INNOVATIONS INC.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended ended June 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Contributed Surplus \$	Share Subscriptions Received \$	Convertible Debenture – Equity Component \$	Deficit \$	Total \$
Balance as at January 1, 2018	36,507,993	21,539,936	1,251,950	-	-	(18,556,670)	4,235,216
Issue of share capital, net	11,200,102	3,169,098	-	-	-	-	3,169,098
Share issuance cost – shares	25,550	8,943	-	-	-	-	8,943
Share issuance cost – cash	-	(118,681)	-	-	-	-	(118,681)
Share subscriptions received	-	-	-	591,533	-	-	591,533
Convertible debenture	-	-	30,399	-	15,809	-	46,208
Net income for the period	-	-	-	-	-	(400,892)	(400,892)
<b>Balance as at June 30, 2018</b>	<b>47,733,645</b>	<b>24,599,296</b>	<b>1,282,349</b>	<b>591,533</b>	<b>15,809</b>	<b>(18,957,562)</b>	<b>7,531,425</b>
Balance as at January 1, 2017	29,061,828	20,393,294	1,046,628	-	-	(16,900,144)	4,539,778
Issue of share capital, net	7,171,165	1,075,674	-	-	-	-	1,075,674
Net income for the period	-	-	-	-	-	2,334,375	2,334,375
Balance, June 30, 2017	36,232,993	21,468,968	1,046,628	-	-	(14,565,769)	7,949,827

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

**BRISIO INNOVATIONS INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2018 and 2017**  
(Unaudited – Expressed in Canadian Dollars)

	2018	2017
	\$	\$
<b>CASH FLOWS PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net income (loss) for the period	(400,892)	2,334,375
Adjustment for items not involving cash:		
Accretion expense	4,621	-
Foreign exchange gain	85,665	(3,561)
Unrealized (gain)/loss on investments	224,610	(2,424,232)
Realized gain on sale of investment	(116,152)	(30,977)
	(202,148)	(124,395)
Changes in non-cash working capital related to operations:		
Accounts receivable	12,691	23,402
GST recoverable	(3,867)	(1,305)
Prepaid expenses	(3,724)	(2,668)
Accounts payable and accrued liabilities	(102,647)	(77,350)
Net cash used in operating activities	(299,695)	(182,316)
<b>Investing activities</b>		
Long-term deposit on investment	(11,756,480)	33,902
Deferred acquisition costs	(17,224)	-
Sale of investments	163,436	-
Purchase of investments	(360,000)	(628,030)
Net cash used in investing activities	(11,970,268)	(594,128)
<b>Financing activities</b>		
Convertible debenture	300,000	-
Loans payable	11,491,463	-
Issuance of common shares, net of issuance costs	3,057,016	1,024,925
Subscription advances	591,533	-
Exercise of warrants	2,344	50,750
Net cash provided by financing activities	15,442,356	1,075,675
<b>Foreign exchange on cash</b>	<b>(85,665)</b>	<b>3,561</b>
Increase in cash during the period	3,086,728	302,792
Cash – beginning of the period	49,145	21,554
Cash – end of the period	3,135,873	324,346

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

# BRISIO INNOVATIONS INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

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 Company primarily invests its capital in companies and opportunities which management believes are undervalued in order to build a portfolio of investments.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company 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 Company has incurred a net loss of \$400,892 for the six months ended June 30, 2018, has a working capital deficit of \$8,463,787 and has an accumulated deficit of \$18,957,562 as at June 30, 2018. 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 Company’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 condensed interim 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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 29, 2018.

(b) Basis of consolidation:

(i) Subsidiaries:

The condensed interim 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 June 30, 2018 and December 31, 2017.

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

**BRISIO INNOVATIONS INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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subsidiary are included in the condensed interim 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 condensed interim consolidated financial statements.

(c) Functional and presentation currency:

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

(d) Basis of measurement:

The condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(e) 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 judgment 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. The inputs used in determining the valuation of share purchase warrants owned by the Company; and
- d. The fair value of the convertible note.



**BRISIO INNOVATIONS INC.**  
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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 subsidiary of the Company. 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; and
- c. The going concern risk assessment (see note 1).

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, except for the following:

The Company adopted IFRS 9, *Financial Instruments: Classification & Measurement* on January 1, 2018. The adoption of the standard was applied retrospectively and the opening statement of financial position as of January 1, 2017 was adjusted.

On transition to IFRS 9, the Company's financial assets were classified into the following categories:

- FVTPL – Cash and cash equivalents, convertible notes and investments
- FVOCI – None
- Amortized Cost – Accounts receivable

The only change in classification was to the Company's investments which were previously classified as available for sale. Since the available for sale classification already required the investments to be recorded on the statement of financial position at fair value, there was no adjustment to the carrying value of the investments. The change in classification will result in past and future unrealized gains and losses on the Company's investments being recorded in profit and loss before tax instead of in other comprehensive income and loss net of tax. The accumulated unrealized gains and losses on the Company's investments will be included in deficit instead of accumulated other comprehensive income/loss.

Refer to Note 9 for quantitative details pertaining to the adoption of this standard.

*Summary of changes in accounting policies*

The Company adopted the following new standards and interpretations issued by the IASB effective January 1, 2018. The adoption of these standards had no impact on the Company's consolidated financial statements with the exception of IFRS 9 (note 9).

IFRS 9	<i>Financial Instruments: Classification &amp; Measurement (note 9)</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>

**BRISIO INNOVATIONS INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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IFRS 2 (Amendment)	<i>Clarification of Classification &amp; Measurement of Share-Based Payment Transactions</i>
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The following standards and interpretations have been issued but are not yet effective. The Company is currently assessing the impact that these standards will have on the consolidated financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

<b>Effective annual periods beginning on or after January 1, 2019:</b>	
IFRS 16	<i>Leases</i>

**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 June 30, 2018, the Company's financial instruments include cash and cash equivalents, accounts receivable, convertible note, investments, accounts payable and accrued liabilities, loans payable and convertible debenture. Accounts receivable, accounts payable and accrued liabilities, loans payable and convertible debenture are recognized on the consolidated 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 Company's financial assets measured at fair value by level within the fair value hierarchy.

<b>June 30, 2018</b>	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,135,873	\$ -	\$ -	\$ 3,135,873
Investment - shares	\$ 4,096,887	\$ -	\$ -	\$ 4,096,887
Investment - warrants	\$ -	\$ -	\$ 1,036	\$ 1,036
Convertible note	\$ -	\$ -	\$ 381,999	\$ 381,999

## BRISIO INNOVATIONS INC.

### Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 49,145	\$ -	\$ -	\$ 49,145
Investment - shares	\$ 3,532,252	\$ -	\$ -	\$ 3,532,252
Investment - warrants	\$ -	\$ -	\$ 199,828	\$ 199,828
Convertible note	\$ -	\$ -	\$ 581,235	\$ 581,235

#### 5. 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 earned 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, 2016, and matured on September 12, 2017. Such interest was to be paid in Canadian currency or common shares in accordance with the terms.

On March 16, 2017, the Convertible Note was converted into 650,000 units of IPA at a price of \$0.15 per unit. The Company was issued 650,000 common shares of IPA and 650,000 warrants which entitle the Company to acquire one additional share of IPA at a price of \$0.30 per share for a period of 12 months from the date of issue. The fair value of the Convertible Note on conversion date 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 282%; risk-free interest rate 0.64%; market share price of \$1.24; and expected life of 1 year. Expected volatility was based on the volatility of similar companies. As a result, the change in fair value of the Convertible Note was \$56,823. In February 2018, the Company exercised 650,000 warrants of IPA at a price of \$0.30 per share for a total of \$195,000.

On August 9, 2017, the Company completed an investment in Atlas Engineered Products Ltd. (“Atlas”). The Company subscribed for a convertible note in the principal amount of \$97,500 (the “Convertible Note2”). The Convertible Note2 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 August 9, 2017, and matures on August 9, 2018. Such interest shall be paid in Canadian currency or common shares in accordance with the terms.

The principal amount of the Convertible Note2 is convertible into 487,500 units of Atlas issued at a price of \$0.20 per unit. Each unit will consist of one common share of Atlas and one share purchase warrant (“Pubco2 Warrant”). Each Pubco2 Warrant will entitle the Company to acquire one additional Atlas share at a price of \$0.40 per share for a period of 12 months from the date of issue.

At June 30, 2018, the Convertible Note2 was revalued to a fair value of \$281,999 due to the conversion feature embedded in the Convertible Note2. As a result, the change in fair value of the Convertible Note2 is \$199,236. The estimated fair value of the Convertible Note2 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 1.52%; market share price of \$0.47; and expected life of 1 year. Expected volatility was based on the volatility of similar companies.

## **BRISIO INNOVATIONS INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2018 and 2017**

(Unaudited – Expressed in Canadian Dollars)

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On December 12, 2017, the Company received a promissory note from Nanalysis Corp. (“Nanalysis”) for advancing a principal amount of \$100,000 (the “Convertible Note3”). The purpose of the Convertible Note3 is to assist Nanalysis with a proposed business combination (the “Transaction”), with the combined entity after giving effect to the Transaction being the resulting issuer (the “Resulting Issuer”). The Convertible Note3 earns simple, non-compounding interest at a rate of 11% per annum. If the Transaction closes, the principal amount plus accrued interest shall be exchangeable into Resulting Issuer shares at a price of \$0.75 per unit, with each unit consisting of one common share of the Resulting Issuer and one share purchase warrant of the Resulting Issuer. Each warrant will entitle the Company to purchase one additional common share of the Resulting Issuer at \$1.00 per share for a period of 12 months from the date of issue. If the Transaction does not close, the principal amount plus accrued interest shall be due and payable in full on July 1, 2021.

Nanalysis will make equal monthly payments on the principal amount outstanding plus accrued interest on the first day of every month of each year, commencing on July 1, 2018. Nanalysis may at any time prepay the principal amount plus accrued interest thereon, in whole or in part without notice of penalty. Until the principal amount plus accrued interest is paid back, the Company, may, at its option from time to time, elect to have the unpaid principal amount plus accrued interest, or a portion thereof, repaid by Nanalysis by issuing class A common shares at a price of \$0.25 per share.

**BRISIO INNOVATIONS INC.**  
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**6. INVESTMENTS**  
**June 30, 2018**

	Lite Access Technologies Inc.		Pioneering Technologies		Renoworks Software Inc.		NAMSYS Inc.		Allur Group		Total Telecom Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2018	319,099	\$ 462,694	1,021,300	\$ 868,105	137,000	\$ 30,140	120,000	\$ 76,800	523,332	\$ 78,500	340,000	\$ 105,400
Purchased	-	-	-	-	-	-	-	-	-	-	-	-
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(25,000)	(24,595)	(100,000)	(27,195)	-	-	-	-	-	-	-	-
Warrants expired	-	-	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss)	-	(2,929)	-	(9,105)	-	-	-	-	-	-	-	-
Unrealized gain (loss)	-	(229,300)	-	(550,809)	-	(8,220)	-	(4,800)	-	-	-	(57,800)
<b>Balance, Jun 30, 2018</b>	<b>294,099</b>	<b>\$ 205,870</b>	<b>921,300</b>	<b>\$ 280,997</b>	<b>137,000</b>	<b>\$ 21,920</b>	<b>120,000</b>	<b>\$ 72,000</b>	<b>523,332</b>	<b>\$ 78,500</b>	<b>340,000</b>	<b>\$ 47,600</b>

  

	Vigil Health Solutions		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Gatekeeper Systems Inc.		Gatekeeper Systems Inc. – Warrants		Innovotech Inc	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2018	750,000	\$ 525,000	1,650,000	\$ 990,000	650,000	\$ 196,229	750,000	\$ 97,500	375,000	\$ 3,597	287,000	\$ 41,615
Purchased	-	-	-	-	-	-	-	-	-	-	-	-
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	-	-	-	-	-	-	(750,000)	(74,110)	-	-	(287,000)	(37,535)
Warrants expired	-	-	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	650,000	195,000	(650,000)	-	-	-	-	-	-	-
Realized gain (loss)	-	-	-	188,500	-	-	-	(75,890)	-	-	-	15,576
Unrealized gain (loss)	-	(180,000)	-	127,1500	-	(196,229)	-	52,500	-	(2,561)	-	(19,656)
<b>Balance, Jun 30, 2018</b>	<b>750,000</b>	<b>\$ 345,000</b>	<b>2,300,000</b>	<b>\$ 2,645,000</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>375,000</b>	<b>\$ 1,036</b>	<b>-</b>	<b>\$ -</b>

  

	Atlas Engineer Products Ltd.		Ironwood Capital		Total
	Number	Amount	Number	Amount	
Balance, Jan. 1, 2018	500,000	\$ 335,000	-	\$ -	\$ 3,810,580
Purchased	-	-	200,000	40,000	40,000
Converted	-	-	-	-	-
Proceeds from sale	-	-	-	-	(163,435)
Warrants expired	-	-	-	-	-
Warrants exercised	-	-	-	-	195,000
Realized gain (loss)	-	-	-	-	116,152
Unrealized gain (loss)	-	(100,000)	-	-	(25,375)
<b>Balance, Jun 30, 2018</b>	<b>500,000</b>	<b>\$ 235,000</b>	<b>200,000</b>	<b>\$ 40,000</b>	<b>\$ 3,972,922</b>

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**December 31, 2017**

	Lite Access Technologies Inc.		Intema Solutions Inc. – warrants		Renoworks Software Inc.		Allur Group		International Barrier Tech		Innovotech Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2017	331,499	\$ 623,218	2,000,000	\$ -	100,000	\$ 46,000	523,332	\$ 78,500	17,500	\$ 5,425	-	\$ -
Purchased	-	-	-	-	37,000	15,850	-	-	100,000	35,000	291,000	22,410
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(12,400)	(20,526)	-	-	-	-	-	-	(117,500)	(58,163)	(4,000)	(540)
Warrants expired	-	-	(2,000,000)	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss)	-	17,962	-	-	-	-	-	-	-	17,423	-	231
Unrealized gain (loss)	-	(157,961)	-	-	-	(31,710)	-	-	-	315	-	19,513
Balance, Dec. 31, 2017	319,099	\$ 462,693	-	\$ -	137,000	\$ 30,140	523,332	\$ 78,500	-	\$ -	287,000	\$ 416,14

	NAMSYS Inc		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Gatekeeper Systems Inc.		Gatekeeper Systems Inc. – Warrants		Vigil Heath Solutions	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2017	100,000	\$ 65,000	1,000,000	\$ 1,290,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Purchased	20,000	12,000	-	-	-	-	750,000	150,000	375,000	-	750,000	340,905
Converted	-	-	650,000	806,000	650,000	748,198	-	-	-	-	-	-
Proceeds from sale	-	-	-	-	-	-	-	-	-	-	-	-
Warrants expired	-	-	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized gain (loss)	-	(200)	-	(1,106,000)	-	(55,1967)	-	(52,500)	-	3,597	-	184,095
Balance, Dec. 31, 2017	120,000	\$ 76,800	1,650,000	\$ 990,000	650,000	\$ 196,231	750,000	\$ 97,500	375,000	\$ 3,597	750,000	\$ 525,000

	Total Telcom Inc		Atlas Engineer P Products Ltd.		Pioneering Tech – shares		Pioneering Tech – warrants		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2017	-	\$ -	-	\$ -	665,500	\$ 658,845	600,000	\$ 447,347	-	\$ -
Purchased	340,000	74,010	500,000	200,000	-	-	-	-	-	850,175
Converted	-	-	-	-	-	-	-	-	-	1,554,198
Proceeds from sale	-	-	-	-	(244,200)	(246,476)	-	-	-	(325,705)
Warrants expired	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	600,000	150,000	(600,000)	-	-	150,000
Realized gain (loss)	-	-	-	-	-	203,538	-	-	-	239,154
Unrealized gain (loss)	-	31,390	-	135,000	-	102,198	-	(447,347)	-	(1,871,577)
Balance, Dec. 31, 2017	340,000	\$ 105,400	500,000	\$ 335,000	1,021,300	\$ 868,105	-	\$ -	-	\$ 3,810,580

# BRISIO INNOVATIONS INC.

## Notes to the Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

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On March 7, 2018, the Company signed a definitive share purchase agreement (the “Definitive Agreement”) with NameSilo, LLC (“NameSilo”) whereby the Company has agreed to acquire all of the issued and outstanding securities of NameSilo (the “Acquisition”).

Under the terms of the Definitive Agreement, the Company will acquire all of the securities of NameSilo and, in consideration of which, the Company will pay a total of US\$9,511,500 to the members of NameSilo (“NameSilo Members”). Subsequent to June 30, 2018, the Acquisition was completed on August 9, 2018.

Further, NameSilo Members will be entitled to certain earnout payments provided that the business achieves a specified EBITDA. All earnout payments were made subsequent to June 30, 2018.

As of June 30, 2018, the Company has paid \$11,756,480 (US\$9,000,000) into the escrow account. Deferred acquisition costs of \$17,224 have been incurred as at June 30, 2018 with respect to the Acquisition.

During the six months ended 2018, the Company paid \$125,000 towards a future investment in Silo Technologies.

### 7. TRANSITION TO IFRS 9 – FINANCIAL INSTRUMENTS

The Company adopted IFRS 9 – Financial Instruments on January 1, 2018. The adoption of the standard was applied retrospectively and the opening statement of financial position as of January 1, 2017 was adjusted.

On transition to IFRS 9, the Company's financial assets were classified into the following categories:

- FVTPL – Cash and cash equivalents, convertible notes and investments
- FVOCI – None
- Amortized Cost – Accounts receivable

The only change in classification was to the Company's investments which were previously classified as available for sale. Since the available for sale classification already required the investments to be recorded on the statement of financial position at fair value, there was no adjustment to the carrying value of the investments. The change in classification will result in past and future unrealized gains and losses on the Company's investments being recorded in profit and loss before tax instead of in other comprehensive income and loss net of tax. The accumulated unrealized gains and losses on the Company's investments will be included in deficit instead of accumulated other comprehensive income/loss.

The only impact of the adoption to the transition statement of financial position at January 1, 2017 was to transfer the balance of AOCI of \$2,269,855 to deficit resulting in a change to the deficit from \$19,169,999 to \$16,900,144. The impact of the retrospective application of IFRS 9 resulted in the following adjustments to net income previously reported for the six months ended June 30, 2017:

Net loss previously reported	\$(3,556)
Change to DIT recovery	(86,301)
Unrealized gain on FVTPL	<u>2,424,232</u>
	2,334,375

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The retrospective application also resulted in an increase to earnings per share of \$0.06 per share.

**8. LOANS PAYABLE**

On May 1, 2018, the Company received a bridge loan financing in the principal amount of \$5,000,000. The loan bears interest at a rate of 8% per annum and is due on November 1, 2018. As an incentive for the lender entering into the loan agreement, the Company agreed to issue as a bonus a total of 300,000 common shares. Accrued interest of \$65,753 has been recorded as at June 30, 2018.

On June 22, 2018, the Company received another bridge loan financing in the principal amount of \$6,347,916 (USD\$4,770,000). The loans bear interest at a rate of 8% per annum and are due in June 2019. As an incentive for the lenders entering into the loan agreements, the Company agreed to issue as a bonus a total of 3,750,000 common shares. Accrued interest of \$77,794 has been recorded as at June 30, 2018.

**9. CONVERTIBLE DEBENTURE**

On May 2, 2018, the Company issued a convertible debenture in the principal amount of \$300,000. The debentures are secured on the assets of the Company, bear interest at a rate of 10% per annum, payable semi-annually and due eighteen months after closing. The debenture is convertible into common shares of the Company at a price of \$0.50 per share. Further, the holder received a total of 300,000 detachable share purchase warrants. The warrants are exercisable at a price of \$0.65 per share for a period of eighteen months from the date of issue.

For accounting purposes, the convertible debenture is separated into liability and equity components. The fair value of the liability component is calculated as the discounted cash flows for the exchangeable note assuming a 15% effective interest rate which is the estimated rate for convertible debentures without a conversion feature. The fair value of the equity component (conversion feature) is determined as the difference between the face value of the convertible debenture and the fair value of the liability component.

The fair value of the share purchase warrants is estimated to be \$30,399 based on the Black-Scholes option pricing model. The following assumptions were used for the fair value determination of the warrants: dividend yield of 0%, expected volatility of 100.8%, a risk-free interest rate of 0.73% and an expected life of 1.5 years. The fair value of the share purchase warrants is allocated between the liability and equity components of the convertible debenture on a pro rata basis.

	<b>Liability Component (\$)</b>	<b>Equity Component (\$)</b>
Balance, December 31, 2017	-	-
Amount at date of issue	282,409	17,591
Transaction costs	(28,617)	(1,782)
Accretion	4,621	-
<b>Balance, June 30, 2018</b>	<b>258,413</b>	<b>15,809</b>



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**10. SHARE CAPITAL**

(a) Authorized

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

(b) Issued

	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>Number of Shares</b>	<b>Amount</b>	<b>Number of Shares</b>	<b>Amount</b>
Common shares:				
Balance, beginning of period	36,507,993	\$21,539,936	29,061,828	\$20,393,294
Transactions during the period:				
Private placement	11,190,727	3,166,754	5,332,834	799,925
Warrants exercised	9,375	2,344	1,838,331	275,750
Finders' fee – shares	34,925	8,943	-	-
Share issuance costs	-	(118,681)	-	-
Options exercised	-	-	275,000	70,967
<b>Balance, end of period</b>	<b>47,733,645</b>	<b>\$24,599,296</b>	<b>36,507,993</b>	<b>\$21,539,936</b>

On January 17, 2017, the Company closed a non-brokered private placement of 5,332,834 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 additional 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.

During the year ended December 31, 2017, 1,838,331 warrants were exercised at \$0.15 per share for gross proceeds of \$275,750.

On September 6, 2017, the aggregate of 275,000 options were exercised for gross proceeds of \$37,500. The weighted average share price on the date of exercise is \$0.25 per share.

In January 2018, the Company closed a non-brokered private placement of 5,000,000 units at a price of \$0.20 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of \$0.30 per share for a period of two years from closing of the financing. In the event the average closing price is equal to or greater than \$0.45 per share for a period of twenty 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.

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In January 2018, 9,375 warrants were exercised at a price of \$0.25 for gross proceeds of \$2,344.

In May 2018, the Company closed a non-brokered private placement of 6,190,727 shares at a price of \$0.35 per share for gross proceeds of \$2,166,754. In connection with the private placement, the Company incurred \$118,681 in cash finders' fees and issued 34,925 finders shares valued at \$8,943.

During the six months ended June 30, 2018, the Company received \$591,533 for a private placement that has not closed yet.

(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.

(c) Stock options (continued)

A summary of the stock option activity is as follows:

	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	2,640,000	\$0.19	1,840,000	\$0.15
Granted	-	-	1,075,000	0.23
Exercised	-	-	(275,000)	(0.14)
Balance, end of period	2,640,000	\$0.19	2,640,000	\$0.19

As at June 30, 2018 and December 31, 2017, the Company has outstanding directors' and employees' incentive stock options enabling the holders to acquire additional common shares as follows:

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Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
540,000	540,000	\$0.15	September 27, 2018
300,000	300,000	\$0.30	February 28, 2019
150,000	150,000	\$0.10	December 12, 2019
575,000	575,000	\$0.10	August 4, 2021
1,000,000	1,000,000	\$0.23	December 20, 2022
75,000	75,000	\$0.23	December 29, 2022
<b>2,640,000</b>	<b>2,640,000</b>		<b>2.95 years remaining</b>

On September 6, 2017, the aggregate of 275,000 options were exercised for gross proceeds of \$37,500

On December 20, 2017, the Company granted 1,000,000 stock options to officers and directors of the Company. The stock options were granted for a period of 5 years, expiring on December 20, 2022, and each stock option will allow the holder to purchase a common share of the Company at an exercise price of \$0.23. On December 29, 2017, the Company granted an additional 75,000 stock options with the same terms to an officer of the Company.

For the year ended December 31, 2017, \$238,789 (2016 - \$43,515) has been recorded as share-based payment relating to options granted and vested during the year. The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield 0% (2016 – 0%) expected annual volatility 189.9% (2016 - 129%); risk-free interest rate 1.82% (2016 - 0.75%); market share price of \$0.23 (2016 - \$0.10); forfeiture rate of 0% and expected life of 5 years (2016 – 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.

(c) Warrants

	June 30, 2018		December 31, 2017	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	1,333,208	\$0.25	1,838,331	\$0.15
Issued	2,800,000	0.30	1,333,208	0.25
Exercised	(9,375)	(0.25)	(1,838,331)	(0.15)
<b>Balance, end of period</b>	<b>4,323,833</b>	<b>\$0.25</b>	<b>1,333,208</b>	<b>\$0.25</b>

The outstanding warrants have a weighted average remaining life of 1.05 years.

During the year ended December 31, 2017, 1,838,331 warrants were exercised at \$0.15 per share for gross proceeds of \$275,750.

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In January 2018, 9,375 warrants were exercised at \$0.25 per share for gross proceeds of \$2,344.

**11. RELATED PARTY TRANSACTIONS**

The aggregate amount of expenditures made to parties not at arm's length to the Company for the three and six months ended June 30, 2018 and 2017 are:

	Three months ended		Six months ended	
	2018	June 30, 2017	2018	June 30, 2017
	\$	\$	\$	\$
Accounting fees	7,338	-	7,338	-
Management fees	17,000	18,000	35,000	36,000
	24,338	18,000	42,338	36,000

During the three and six months ended June 30, 2018, Paul Andreola, President and Director was paid or accrued management fees of \$7,500 and \$15,000 (2017 - \$7,500 and \$15,000), Colin Bowkett, Director was paid or accrued management fees of \$7,500 and \$15,000 (2017 - \$7,500 and \$15,000), Scott MacEachern, former Chief Financial Officer was paid or accrued management fees of \$2,000 and \$5,000 (2017 - \$3,000 and \$6,000) and Malaspina Consultants Inc., a company in which Natasha Tsai, Chief Financial Officer is an associate, was paid or accrued management fees of \$7,338 and \$7,338 (2017 - \$nil and \$nil).

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 six months ended June 30, 2018 and 2017.

**12. SUBSEQUENT EVENTS**

On August 7, 2018, the Company completed its acquisition of NameSilo pursuant to the terms of the Definitive Agreement dated March 7, 2018. Under the terms, the Company paid the NameSilo members (i) USD \$9,511,500, (ii) an earnout payment of USD \$2,546,066 as NameSilo's EBITDA equaled USD \$1,009,544 for the period from January 1, 2018 to June 30, 2018 (the "Earn-Out Payment"). The Earn-Out Payment was satisfied by USD \$2,360,743 in cash and 529,499 common shares of the Company.

In August 2018, the Company entered into a share purchase agreement with 1161217 B.C. Ltd. (the "Digital Service Company") and the shareholders of the Digital Service Company. In consideration of the Digital Service Company, the Company has agreed to transfer 18.5% of the member interest of NameSilo to the shareholders of the Digital Service Company.

In August 2018, the Company granted a total of 1,300,000 stock options to its officers, directors and persons providing investor relations services. The options will be exercisable at a price of \$0.35 per share for a period of five years from the date of grant. The options granted for investor relations activities will be subject to certain vesting requirements.