PARCELPAL TECHNOLOGY INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Years ended December 31, 2018 and 2017

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ParcelPal Technology Inc.

Opinion

We have audited the financial statements of ParcelPal Technology Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates the Company has incurred significant operating losses and negative cash flows from operations. As stated in Note 1, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 5, 2019

ParcelPal Technology Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash		2,079,986	54,887
Accounts receivable	3	605,342	359,510
Prepaid expenses		5,392	62,704
Loans receivable	4	62,548	-
		2,753,268	477,101
Intangible asset	7	19,100	55,200
Equipment	6	724,437	564,695
Total assets		3,496,805	1,096,996
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	334,661	220,239
Sales tax payable		121,333	12,747
Lease obligations - current	12	212,372	123,599
		668,366	356,585
Lease obligations	12	617,614	338,520
Total liabilities		1,285,980	695,105
SHAREHOLDERS' EQUITY			
Share capital	8	7,693,401	3,315,693
Subscriptions received in advance	8	-	37,688
Subscriptions receivable	8	(345,140)	-
Contributed surplus		2,462,746	830,239
Deficit		(7,600,182)	(3,781,729)
Total Shareholders' Equity		2,210,825	401,891
Total liabilities and shareholders' equity		3,496,805	1,096,996

Organization and nature of operations and going concern (Note 1)
Commitments (Note 12)
Subsequent events (Note 13)

Approved by the Board of Directors

"Devon Brown" Director "Peter Hinam" Director

The accompanying notes are an integral part of these financial statements.

ParcelPal Technology Inc.
Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Notes	2018 $	2017 $
SALES	3	3,369,630	373,655
COST OF SALES		(2,567,595)	(286,942)
GROSS PROFIT		802,035	86,713
EXPENSES			
Amortization	6, 7	448,697	55,686
Consulting fees	9	815,060	557,029
Foreign exchange		1,029	30
Interest expense	12	135,849	6,072
Investor relations		470,394	42,028
Management fees	9	108,000	27,500
Office and miscellaneous		522,194	215,610
Professional fees		119,713	59,444
Regulatory and filing fees		27,654	26,053
Share-based compensation	8, 9	1,548,784	472,296
Travel and accommodation		97,328	4,912
		(4,294,702)	(1,466,660)
Loss before other items		(3,492,667)	(1,379,947)
Other items:			
Loss on debt settlement	8	18,334	60,528
Interest income	4	(5,890)	-
Impairment of marketable securities	5	300,000	-
Impairment of loan receivable	4	13,342	-
		325,786	(60,528)
Loss and comprehensive loss for the year		(3,818,453)	(1,440,475)
Basic and diluted loss per share		(0.06)	(0.05)
Weighted average number of shares outstanding – basic and diluted		66,902,789	30,280,099

The accompanying notes are an integral part of these financial statements.

ParcelPal Technology Inc.
Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of shares #	**Amount** $	**Contributed Surplus** $	**Subscriptions receivable** $	**Subscriptions received in advance** $	**Deficit** $	**Total** $
Balance, December 31, 2016	**28,788,558**	**2,196,330**	**335,812**	**(5,000)**	**-**	**(2,341,254)**	**185,888**
Shares issued pursuant to:							
Private placement	14,369,000	827,715	-	-	-	-	827,715
Debt settlement	4,197,222	283,028	-	-	-	-	283,028
Warrant exercise	225,500	45,100	-	5,000	-	-	50,100
Option exercise	600,000	52,271	(22,271)	-	-	-	30,000
Issue costs	-	(88,751)	44,402	-	-	-	(44,349)
Share-based compensation	-	-	472,296	-	-	-	472,296
Subscriptions received in advance	-	-	-	-	37,688	-	37,688
Net and comprehensive loss for the year	-	-	-	-	-	(1,440,475)	(1,440,475)
Balance, December 31, 2017	**48,180,280**	**3,315,693**	**830,239**	**-**	**37,688**	**(3,781,729)**	**401,891**
Shares issued pursuant to:							
Private placements	15,577,651	2,686,557	-	(221,590)	(28,688)	-	2,436,279
Warrant exercises	9,546,319	1,492,780	(88,438)	(68,550)	-	-	1,335,792
Option exercises	1,981,000	429,176	(168,111)	(55,000)	-	-	206,065
Debt settlement	549,703	141,334	-	-	(9,000)	-	132,334
In lieu of consulting fees	600,000	180,000	-	-	-	-	180,000
Issue costs	-	(211,867)	-	-	-	-	(211,867)
Broker warrants	-	(340,272)	340,272	-	-	-	-
Share-based compensation	-	-	1,548,784	-	-	-	1,548,784
Net and comprehensive loss for the year	-	-	-	-	-	(3,818,453)	(3,818,453)
Balance, December 31, 2018	**76,434,953**	**7,693,401**	**2,462,746**	**(345,140)**	**-**	**(7,600,182)**	**2,210,825**

The accompanying notes are an integral part of these financial statements.

ParcelPal Technology Inc.
Statements of Cash Flows
For the Years Ended December 31 2018 and 2017
(Expressed in Canadian Dollars)

	2018 $	2017 $
Operating activities		
Loss for the year	(3,818,453)	(1,440,475)
Add non-cash items:		
Amortization	448,697	55,686
Share-based compensation	1,548,784	472,296
Accrued interest income	(5,890)	-
Impairment of loan receivable	13,342	-
Impairment of marketable securities	300,000	-
Loss on debt settlement	18,334	55,528
Shares issued in lieu of consulting fees	180,000	9,000
Changes in non-cash working capital items		
Sales tax payable	97,208	12,747
Prepaid expenses	71,009	(61,298)
Accounts receivable	(245,832)	(340,721)
Accounts payable and accrued liabilities	237,422	480,016
Net cash flows used in operating activities	(1,155,379)	(753,677)
Investing activities		
Deposit paid on leased equipment	(34,125)	(116,062)
Purchase of marketable securities	(245,000)	-
Net cash flows used in investing activities	(279,125)	(116,062)
Financing activities		
Proceeds from private placements	2,427,279	719,615
Share issuance costs	(211,867)	(44,349)
Exercise of options	206,065	30,000
Exercise of warrants	1,335,792	50,100
Lease payments	(172,666)	(9,244)
Subscriptions received in advance	-	28,688
Advances of loans receivable	(375,000)	-
Repayment of loans receivable	250,000	-
Net cash flows provided by financing activities	3,459,603	774,810
Change in cash during the year	2,025,099	(94,929)
Cash – beginning of the year	54,887	149,816
Cash – end of the year	2,079,986	54,887

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

ParcelPal Technology Inc. ("the Company") is currently engaged in on-demand local delivery services and the continued development of its on-demand local delivery service application ("ParcelPal"). The Company was incorporated in Alberta on March 10, 1997. On June 22, 2006, the Company moved its incorporation jurisdiction to British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "PKG" and on the Frankfurt Stock Exchange under the symbol "PTO".

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from the carrying values as shown, and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

The Company has incurred losses and negative operating cash flows since its inception. The Company will require further financing to meet its financial obligations and sustain its operations in the normal course of the business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to meet its long-term business strategy depends on its ability to obtain additional equity financing and to generate operational cash flow from delivery services revenue.

2. BASIS OF PRESENTATION

Statement of Compliance
These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principal accounting policies set out below are based on IFRS issued and effective as at May 5, 2019, the date the Board of Directors approved the financial statements.

Basis of measurements
These financial statements have been prepared on a historical cost basis, modified where applicable, except for items measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, estimating allowances for doubtful accounts receivable, estimating useful lives of equipment, the recoverability and measurement of deferred tax assets, and estimating the fair value for share-based payment transactions.

Significant judgements
Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the statements relate to the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

Changes in accounting policies
The following new accounting standard was adopted effective January 1, 2018

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Marketable securities	FVTPL	FVTPL
Loans receivable	Amortized cost	Amortized cost
Lease obligation	Amortized cost	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on January 1, 2018.

Measurement
Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

Leases

At the inception of a contract, the Company assesses whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or remove the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term lease of assets that have a lease term of 12 months or less and leases of low-value assets, such as IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Revenue
The Company's services are provided based upon online orders with customers with prices that are based upon on-demand, same day and scheduled rates. Revenue is recognized when services are rendered, goods are delivered or delivery is completed.

Foreign currency translation
The functional currency of the Company is determined using the currency of the primary economic environment in which the Company operates. The functional and presentation currency, as determined by management, of the Company is the Canadian dollar.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statements of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in comprehensive loss, the exchange component is also recognized in comprehensive loss.

Loss per share
Basic loss per share is calculated by dividing the loss and comprehensive loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the net income and comprehensive income for the year and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees and warrants outstanding. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the year.

Income taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Equipment
Leased vehicles are recorded at cost and amortized over the estimated term of the lease or the expected life of the asset if the Company has included payments to acquire the asset at the end of the lease. Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Intangibles
The Company records internally-generated intangible assets at cost less accumulated amortization and accumulated impairment losses.

Intangible assets in use are amortized on a straight-line basis over their estimated useful life of 3 years. Intangible assets under development and not ready for use are not amortized.

Research and development
Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technological feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. The Company did not have any development costs that met the capitalization criteria for the year ended December 31, 2018.

Share-based payments
The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

Impairment of assets
The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of the depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using the higher of the fair value less costs to sell or value in use. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount

Investments
Investments consist of common shares. Investments are initially recorded at cost, being the fair value at the time of acquisition. Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the statements of comprehensive loss. Subsequent to initial recognition investments continue to be measured at the fair value.

At the end of each financial reporting period, the Company's management evaluates the fair value and potential impairment of investments based on the criteria below and records such impairment in the financial statements directly in net loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or

(Expressed in Canadian Dollars)

- The investee company is placed into receivership or bankruptcy.

The Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment, and any fair value estimated from these techniques may not be realized.

The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to the Company

3. ACCOUNTS RECEIVABLE

	December 31, 2018	**December 31, 2017**
	$	**$**
Accounts receivable	**605,342**	**359,510**

As at December 31, 2018, all of the Company's accounts receivable are current, and accordingly no provision for doubtful account was made.

One customer accounted for 100% of revenue and accounts receivable as at December 31, 2018 (2017 – 96% of revenue and 100% of accounts receivable).

4. LOANS RECEIVABLE

During the year ended December 31, 2018, the Company advanced $65,000 (December 31, 2017 - $nil) to an arm's length vendor. The Company agreed to partially settle $55,000 of the amount advanced for 1,695,652 shares of 152 Tech Solutions Ltd. (note 5). The advance is unsecured, non-interest bearing and due on demand. During the year ended December 31, 2018, the Company impaired the outstanding balance of $10,000 due to uncertainty of collectability.

On July 29, 2018 the Company entered into a loan agreement with a company related to a director, whereby the Company advanced $60,000 to the vendor. The loan is unsecured, bears interest at 10% per annum and is due on demand. During the year ended December 31, 2018, the Company accrued $2,548 of interest, related to this loan. As at December 31, 2018, $62,548 remains outstanding.

On October 31, 2018, the Company entered into a loan agreement with a company related to a director, whereby the Company advanced $250,000 to the vendor. The loan is unsecured, bears interest at 8% annually and is due on demand. During the year ended December 31, 2018, the Company accrued $3,342 of interest, related to this loan. During the year ended December 31, 2018, the Company received the principal balance in full and the accrued interest was impaired.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

On April 10, 2018, the Company acquired 1,695,652 shares of 152 Tech Solutions Ltd. valued at $300,000 (December 31, 2017 - $nil) in exchange for the conversion of $55,000 of advances and the payment of $245,000 (note 4). During the year ended December 31, 2018, the Company impaired the investment to $nil.

6. EQUIPMENT

Equipment consists of leased vehicles carried at cost less accumulated depreciation. The Company's vehicles as at December 31, 2018 and December 31, 2017 are as follows:

	Vehicles **$**
Cost	
Balance, December 31, 2016	-
Additions	583,881
Balance, December 31, 2017	583,881
Additions	572,339
Balance, December 31, 2018	**1,156,220**
Accumulated amortization	
Balance, December 31, 2016	-
Amortization	19,186
Balance, December 31, 2017	19,186
Amortization	412,597
Balance, December 31, 2018	**431,783**
Net Book Value	
Balance, December 31, 2017	564,695
Balance, December 31, 2018	**724,437**

7. INTANGIBLE ASSET

	Application software **$**
Cost	
Balance, December 31, 2018 and 2017	110,000
Accumulated amortization	
Balance, December 31, 2016	18,300
Amortization	36,500
Balance, December 31, 2017	54,800
Amortization	36,100
Balance, December 31, 2018	90,900
Net Book Value	
Balance, December 31, 2017	55,200
Balance, December 31, 2018	**19,100**

8. SHARE CAPITAL

Common Shares

Authorized:
The authorized capital of the Company consists of an unlimited number of common shares without par value.

Issued:
During the year ended December 31, 2018:

a) On January 12, 2018, the Company closed a non-brokered private placement financing consisting of 425,000 units at a price of $0.0675 per unit for gross proceeds of $28,688, which were received during year ended December 31, 2017. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.075 per share for a period of 24 months from the date of issuance.

b) On January 24, 2018, the Company closed a non-brokered private placement financing consisting of 12,304,924 units at a price of $0.135 per unit for gross proceeds of $1,661,165, of which $10,200 was received subsequent to December 31, 2018. Each unit consists of one common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.20 per share for a period of 24 months from the date of issuance. The Company paid finders' fees of $125,077 and issued 760,642 finders' warrants exercisable at a price of $0.20 per share for a period of 24 months from the date of grant. The fair value of the finders warrants were fair valued at $329,286 using the Black Scholes option pricing model.

c) On June 27, 2018, the Company issued 285,000 shares valued at $59,850 to its officers, directors and a consultant to settle corporate indebtedness of $57,000 resulting in a loss of $2,850.

d) On September 10, 2018, the Company issued 150,000 shares valued at $46,500 to its officers, directors and a consultant to settle corporate indebtedness of $27,500 resulting in a loss of $19,500.

e) On October 17, 2018, the Company completed a non-brokered private placement issuing 2,847,727 units at $0.35 for gross proceeds of $996,704, of which $211,390 has been accounted for as subscription receivable. Each unit consists of one common share and one-half share purchase warrant with each full warrant being exercisable by the holder at $0.50 per warrant for common shares of the Company for a period of 24 months from date of issuance. The Company incurred cash issue costs of $86,790 and issued 48,104 finders' warrants with an exercise price of $0.50, expiring on October 17, 2020. The finders' warrants were fair valued at $10,986 using the Black Scholes option pricing model.

f) On October 25, 2018, the Company issued 114,703 common shares valued at $34,984, to its officers, directors and a consultant to settle corporate indebtedness of $39,000 resulting in a gain on debt settlement of $4,016.

g) On November 13, 2018, the Company issued 600,000 common shares in lieu of consulting fees, the shares were fair valued at $180,000.

h) During the year ended December 31, 2018, the Company issued 9,546,319 common shares upon exercise of warrants for proceeds of $1,404,342, of which $68,550 has been accounted as subscription receivable.

i) During the year ended December 31, 2018, the Company issued 1,981,000 common shares upon exercise of options for proceeds of $261,065, of which $55,000 has been accounted as subscription receivable.

During the year ended December 31, 2017:

a) On March 31, 2017, the Company issued 97,222 units with a fair value of $16,528 pursuant to a debt settlement agreement entered into with their former CEO to settle debt of $17,500 resulting in a gain of $972. Each unit consists of one common share and one-half warrant, which entitles the holder to purchase one additional common share of the Company at price of $0.30 per share for a period of 18 months.

b) On March 31, 2017, the Company closed a non-brokered private placement financing consisting of 840,500 units at a price of $0.18 per unit for gross proceeds of $151,290 of which 45,000 units with a fair value of $8,100 was for settlement of various debt. Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of 18 months. In connection with the private placement, the Company paid a finders' fees of $8,640 and issued 60,000 finder's share purchase warrants (valued at $4,190) exercisable at a price of $0.30 per share for a period of 18 months.

c) The Company issued 600,000 common shares upon exercise of options for proceeds of $30,000.

d) The Company issued 225,500 common shares upon exercise of warrants for proceeds of $45,100.

e) On October 11, 2017, the Company issued 4,100,000 shares valued at $266,500 to its officer, directors and its consultants to settle corporate indebtedness of $205,000 resulting in a loss of $61,500.

f) On October 26, 2017, the Company closed a non-brokered private placement financing consisting of 13,528,500 units at a price of $0.05 per unit for gross proceeds of $676,425. 2,000,000 of the shares with a fair value of $100,000 were issued as payment for prepaid consulting fees. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of $0.075 per share for a period of 24 months from the date of issuance. The Company paid finders' fees of $35,709 cash and issued 820,480 finder's share purchase warrants valued at $40,212 exercisable at a price of $0.075 per share for a period of 24 months from the date of grant.

Stock Options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, at its discretion, and in accordance with the CSE requirements to, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Each stock option permits the holder to purchase one share at the stated exercise price. The options vest at the discretion of the Board of Directors.

(Expressed in Canadian Dollars)

The following is a summary of the Company's stock option activity:

	Number of Options #	**Weighted Average Exercise Price $**
Balance, December 31, 2016	**3,385,000**	**0.12**
Granted	3,900,000	0.14
Exercised	(600,000)	0.05
Expired	(2,150,000)	0.12
Balance, December 31, 2017	**4,535,000**	**0.12**
Granted	8,775,000	0.26
Exercised	(1,981,000)	0.13
Expired	(500,000)	0.13
Balance, December 31, 2018	**10,829,000**	**0.24**
Unvested at December 31, 2018	(2,400,000)	0.25
Exercisable at December 31, 2018	**8,429,000**	**0.24**

Pursuant to the exercise of stock options the Company reallocated $168,111 of contributed surplus to share capital.

During the year ended December 31, 2018, the Company granted 8,775,000 options (December 31, 2017 – 3,900,000) to acquire common shares. Share-based payments relating to options vesting during the period using the Black-Scholes option pricing model was $1,548,784 (December 31, 2017 - $472,296).

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	December 31 2018	**December 31, 2017**
Weighted average fair value of options granted	$ 0.05	$ 0.12
Risk-free interest rate	1.88%-2.2%	1.11%
Estimated life	5.00 years	3.78 years
Expected volatility	123%-127%	155.46%
Expected dividend yield	0.00%	0.00%

(Expressed in Canadian Dollars)

As at December 31, 2018 the following options were outstanding and exercisable:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding	Unvested	Vested
April 21, 2019	0.26	0.30	25,000	-	25,000
May 10, 2019	0.10	0.36	50,000	-	50,000
July 5, 2019	0.23	0.51	200,000	-	200,000
December 8, 2019	0.19	0.94	400,000	-	400,000
December 12, 2019	0.20	0.95	30,000	-	30,000
January 5, 2020	0.20	1.01	100,000	-	100,000
May 5, 2020	0.14	1.35	100,000	-	100,000
June 1, 2020	0.16	1.42	400,000	-	400,000
November 17, 2022	0.16	3.88	150,000	-	150,000
November 28, 2022	0.18	3.91	550,000	-	550,000
December 6, 2022	0.17	3.93	1,100,000	-	1,100,000
January 21, 2023	0.32	4.06	2,099,000	-	2,099,000
May 1, 2023	0.24	4.33	550,000	-	550,000
June 28, 2023	0.20	4.49	325,000	-	325,000
August 15, 2023	0.21	4.62	400,000	-	400,000
August 31, 2023	0.27	4.67	1,950,000	-	1,950,000
November 22, 2023[1]	0.26	4.90	150,000	150,000	-
December 13, 2023[2]	0.25	4.95	2,250,000	2,250,000	-
			10,829,000	**2,400,000**	**8,429,000**

[1]Vest on March 22, 2019
[2] Vest on April 13, 2019

(Expressed in Canadian Dollars)

Warrants

The following is a summary of the Company's warrant activity:

	Number of Options #	Weighted Average Exercise Price $
Balance, December 31, 2016	**2,450,184**	**0.23**
Issued	8,113,591	0.09
Exercised	(225,500)	0.20
Expired	(1,590,161)	0.20
Balance, December 31, 2017	**8,748,114**	**0.12**
Issued	14,750,033	0.23
Exercised	(9,546,319)	0.15
Expired	(143,911)	0.17
Balance, December 31, 2018	**13,807,917**	**0.20**

Pursuant to the exercise of share purchase warrants the Company reallocated $88,434 of contributed surplus to share capital.

As of December 31, 2018, the following share purchase warrants were outstanding and exercisable:

Expiry Date	**Number Outstanding**	**Exercise Price $**
October 10, 2019	1,076,480	0.075
October 24, 2019	1,829,800	0.075
January 12, 2020	9,429,670	0.200
October 17, 2020	1,471,967	0.50
	13,807,917	

The fair value of the warrants granted as a finders' fee was estimated on the date of the issue date using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2018	**December 31, 2017**
Expected dividend yield	Nil	Nil
Stock price volatility	191.15%	165.55%
Risk-free interest rate	1.76%	1.43%
Expected life of options	1.76 years	1.97 years

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	December 31, 2018 $	**December 31, 2017 $**
Consulting fees	98,225	172,987
Director fees	-	10,000
Management fees	72,000	17,500
Share-based compensation	276,211	235,055
	446,436	435,542

Included in accounts payable as at December 31, 2018, is $43,442 owing to directors and officers. These amounts are non-interest bearing, unsecured and due on demand.

Additionally, the CEO made advances of $25,077 during the year ended December 31, 2017 and they were fully repaid during the year ended December 31, 2018.

10. INCOME TAXES

The income tax provision differs from expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	December 31, 2018 $	**December 31, 2017 $**
Net loss for the year	(3,818,453)	(1,440,475)
Statutory income tax rate	27%	26%
Expected income tax recovery	(1,030,982)	(374,524)
Permanent differences	418,172	122,797
Adjustments to prior year versus statutory tax return	(69,594)	(23,040)
Change in unrecognized deferred assets	682,404	275,117
Income tax recovery	-	-

(Expressed in Canadian Dollars)

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	December 31, 2018 $	December 31, 2017 $
Deferred tax assets		
Non-capital tax loss carry forwards	1,245,451	681,783
Other	123,003	13,699
Share issuance costs	47,024	37,592
	1,415,478	733,074
Valuation allowance	(1,415,478)	(733,074)

As at December 31, 2018, the Company has approximately $4,613,000 of non-capital losses in Canada that may be used to offset future taxable income, expiring between 2026 and 2038.

11. FINANCIAL INSTRUMENTS

Classification of financial instruments

The Company's financial instruments consist of cash, accounts receivable, loans receivable, marketable securities, accounts payable and lease obligations. The Company classifies cash, accounts receivable and loans receivable as financial assets at amortized cost and marketable securities as financial assets at FVTPL. Accounts payable and lease obligations are classified as financial liabilities at amortized cost.

Fair value

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

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

The carrying value of the Company's financial assets and liabilities measured at amortized cost approximate their fair value due to their short term to maturity. Marketable securities are valued using Level 2 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable includes $605,342 due from one major customer. The customer is of low credit risk and none of the balance is past due. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

Interest risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Foreign exchange risk
The Company's functional currency is the Canadian Dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company maintains a US Dollar bank account in Canada to support the cash needs of its operations. Management believes that the foreign exchange risk related to currency conversion is minimal and therefore does not hedge its foreign exchange risk.

Capital Management
The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of a social collaborative charting, news and communication platform for traders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2018.

12. LEASE OBLIGATIONS

	December 31, 2018 $	December 31, 2017 $
Vehicle lease obligations – contractual undiscounted cash flows		
Less than one year	212,372	161,707
One to three years	398,948	317,566
Total undiscounted lease liabilities at December 31, 2018	611,320	479,273
Lease liabilities included in the statement of financial position at December 31, 2018	829,986	462,119
Current	212,372	123,599
Non-current	617,614	338,520

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2018

- the Company issued 725,000 common shares pursuant to exercise of stock options for proceeds of $165,500;
- the Company issued 1,679,200 common shares pursuant to exercise of warrants for proceeds of $184,500;
- the Company issued 210,000 common shares in lieu of consulting fees;
- the Company issued 321,427 common shares to its officers, directors and consultants to settle corporate indebtedness of $90,000;
- the Company granted 500,000 stock options to a consultant, exercisable at $0.295 for a period of 5 years from date of grant; and
- the Company granted 150,000 stock options to consultants, exercisable at $0.27 for a period of 5 years from date of grant.

On March 20, 2019, the Company entered into a loan agreement with a company related to a director, whereby the Company advanced $21,000 to the vendor. The loan is unsecured, non-interest bearing and due on demand.