REWARDSTREAM SOLUTIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the nine months ended June 30, 2019. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT June 30, 2019 and September 30, 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

		June 30, 2019		**September 30, 2018**
ASSETS				
CURRENT ASSETS				
Cash	$	119,646	$	864,967
Accounts receivable		70,405		57,670
Prepaid expenses and deposits (note 6)		110,875		23,308
	$	300,926	$	945,945
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	83,402	$	66,515
Loans payable (note 4)		-		5,650
		83,402		72,165
EQUITY				
Share capital (note 5)		15,996,267		15,996,267
Share-based compensation reserve		1,860,580		1,860,580
Warrant reserve		288,995		288,995
Deficit		(17,928,318)		(17,272,062)
		217,524		873,780
	$	300,926	$	945,945

Subsequent events (notes 5 and 10)

On behalf of the Board:

"Patrick C.T. Morris"
Patrick C.T. Morris, Director

"Geoff Balderson"
Geoff Balderson, Director

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three and nine months ended June 30, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the nine months ended June 30, 2019	For the nine months ended June 30, 2018
EXPENSES				
Sales and marketing	$ -	$ 599	$ -	$ 23,616
General and administrative	71,669	803,487	193,425	989,638
Consulting fees (note 6)	46,750	-	426,150	-
Share-based compensation	-	9,387	-	41,416
LOSS FROM OPERATIONS	(118,419)	(813,473)	(619,575)	(1,054,670)
OTHER EXPENSES				
Property investigation cost	(811)	-	(36,681)	-
Foreign exchange gain (loss)	-	(750)	-	(1,682)
Finance expense	-	(649)	-	(9,806)
	(811)	(1,399)	(36,681)	(11,488)
LOSS FROM CONTINUING OPERATIONS	(119,230)	(814,872)	(656,256)	(1,066,158)
Loss from discontinued operations (note 9)	-	(17,326)	-	(453,389)
NET LOSS AND COMPREHENSIVE LOSS	**$ (119,230)**	**$ (832,198)**	**$ (656,256)**	**$ (1,519,547)**
LOSS PER SHARE FROM CONTINUING OPERATIONS, BASIC AND DILUTED	$ (0.01)	(0.05)	(0.04)	$ (0.13)
LOSS PER SHARE FROM DISCONTINUED OPERATIONS, BASIC AND DILUTED	$ -	(0,00)	-	$ (0.05)
LOSS PER SHARE, BASIC AND DILUTED	$ (0.01)	(0.05)	(0.04)	$ (0.18)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	17,483,123	15,147,958	17,483,123	8,371,402

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the nine months ended June 30, 2019 and 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	SHARE CAPITAL		RESERVES			
	Number of Shares	**Amount**	**Share-based Compensation Reserve**	**Warrant Reserve**	**Deficit**	**Total Equity (Deficiency)**
Balance at September 30, 2017	4,983,124	$ 12,927,577	$ 1,889,663	$ 212,648	$ (15,079,772)	$ (49,884)
Shares to be issued	12,499,999	1,984,939	-	1,160,098	-	3,145,037
Share-based compensation (note 5)	-	-	41,416	-	-	41,416
Net loss for the period	-	-	-	-	(1,519,547)	(1,519,547)
Balance at June 30, 2018	17,483,123	$ 14,912,516	$ 1,931,079	$ 1,372,746	$ (16,599,319)	$ 1,617,022
Balance at September 30, 2018	17,483,123	$ 15,996,267	$ 1,860,580	$ 288,995	$ (17,272,062)	$ 873,780
Net loss for the period	-	-	-	-	(656,256)	(656,256)
Balance at June 30, 2019	17,483,123	$ 15,996,267	$ 1,860,580	$ 288,995	$ (17,928,318)	$ 217,524

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

REWARDSTREAM SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the nine months ended June 30, 2019 and 2018
(Expressed in Canadian Dollar)
(Unaudited – Prepared by Management)

	For the nine months ended June 30,			
		2019		**2018**
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(656,256)	$	(1,066,158)
Items not involving cash:				
Non-cash finance expense		-		9,191
Share-based compensation		-		41,416
Lease allowance amortization		-		(11,931)
Changes in non-cash working capital items:				
Accounts receivable		(12,485)		(106,691)
Prepaid expenses and deposits		(87,567)		(450,306)
Accounts payable and accrued liabilities		16,885		(9,595)
Deferred revenue		-		(17,839)
		(739,671)		(1,611,913)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, net of offering costs		-		3,145,037
Repayment of finance lease obligations		-		(3,980)
Loans received		-		435,573
Repayment of loans payable		(5,650)		(507,850)
		(5,650)		3,068,780
Net cash used in discontinued operations (Note 9)		-		(568,178)
CHANGE IN CASH DURING THE PERIOD		(745,321)		888,689
CASH, BEGINNING OF PERIOD		864,967		68,598
CASH, END OF PERIOD	$	119,646	$	957,287
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	$	5,650	$	230

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

RewardStream Solutions Inc. (the "Company" or "Solutions") was a provider of Software as a Service ("SaaS") marketing technology that powers loyalty marketing programs, referral programs.

On December 13, 2017, the Company incorporated a wholly-owned subsidiary, RewardStream Solutions NA Inc. ("RSNA"). On June 15, 2018, the Company completed the transfer of all of the assets of its referral and rewards business to RSNA and sold the subsidiary, RewardStream Solutions NA Inc. ("RSNA") to Buyapowa Ltd. (note 9).

The Company was incorporated under the laws of British Columbia on March 23, 1999 and continued under the *Canada Business Corporations Act* on December 22, 1999. The Company was subsequently continued under the laws of British Columbia on October 21, 2015. The head office and records are located at 800-1199 West Hastings Street Vancouver, British Columbia, V6E 3T5. Solutions trades on the TSX-Venture Exchange under the symbol "REW".

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $656,256 for the period ended June 30, 2019. As at June 30, 2019, the Company had an accumulated deficit of $17,928,318. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital and to identify and acquire a suitable business opportunity. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. 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.

These financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

This condensed interim financial information for the nine months ended June 30, 2019 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended September 30, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 22, 2019.

2. BASIS OF PRESENTATION (Continued)

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as September 30, 2018. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2018:

<u>Accounting Standard and Amendments adopted on October 1, 2018:</u>

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principle based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

a. Identify the contract with the customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligations in the contracts.
e. Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on the topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The adoption of IFRS 15 did not have an impact on the Company's condensed interim financial statements.

IFRS 9 *Financial Instruments*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurements.* The standard contains requirement in the following areas:

a. **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

3. SIGNIFICANT ACCOUTING POLICIES (Continued)

Accounting Standard and Amendments adopted on October 1, 2018: – (Continued)

b. **Impairment.** The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

c. **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

d. **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The adoption of IFRS 9 has not had a significant impact on the Company's policies related to financial assets and liabilities.

Accounting Standards and Amendments Issued But Not Yet Effective

The following new standard and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards.

IFRS 16 *Leases* replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15. The Company believes the adoption of this standard will not have a material effect on the financial statements.

Use of estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

3. SIGNIFICANT ACCOUTING POLICIES (Continued)

Use of estimates and judgments (Continued)

The assumptions used in calculating share-based compensation expense

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit and the rate is adjusted to reflect the actual number of options that actually vest.

Significant areas requiring the use of management judgments include:

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

4. LOANS PAYABLE

On May 2, 2016, the Company entered into a loan agreement with a related party. Under the terms of the agreement, the related party loaned $102,093 to the Company. The loan has an annual interest rate of 15%, compounded monthly, and was payable on October 31, 2016. The loan was secured by the assets of the Company. The related party also received 10,890 warrants with an exercise price of $0.39, exercisable until May 2, 2018. The Company bifurcated the loan into its components using a discounted cash flow model with an estimated fair value interest rate of 20% to estimate the fair value of the liability component of $93,174. The residual amount of $8,919 was recorded to warrant reserves. $50,000 of this loan was repaid on October 27, 2016. On November 29, 2017, the outstanding principal was assigned - see below. The interest on the loan was still outstanding to the related party at this time.

On November 29, 2017, the Company entered into a loan assignment agreement between the related party (above) and 0890454 B.C. Ltd. (the "Assignment Agreement"). Under the terms of the Assignment Agreement, the Company assigned the outstanding principal of the loan to 0890454 B.C. Ltd., secured by the assets of the Company. During the year ended September 30, 2018 this loan was repaid.

4. LOANS PAYABLE (Continued)

In addition, on November 29, 2017, the Company entered into a loan agreement with 0890454 B.C. Ltd. 0890454 B.C. Ltd. loaned the Company $140,573 at an annual interest rate of 6%, compounded annually, secured by the assets of the Company, and matured on September 30, 2018. The loan principal was repaid during the year ended September 30, 2018 and the balance of the loan payable at June 30, 2019 is comprised of accrued interest of $Nil (September 30, 2018: $5,650).

During the year ended September 30, 2018, the Company received non-interest bearing loans totaling $295,000 from Northwest Marketing and Management Inc. These were fully repaid during the year.

5. SHARE CAPITAL

a. Authorized:
- unlimited common shares, without par value

b. Issued and outstanding:

Effective January 29, 2018, the Company completed a consolidation of its issued and outstanding shares on the basis of one new common share for every ten old common shares. All share, share equivalent, and per share amounts have been restated to retrospectively reflect this consolidation.

At June 30, 2019 and September 30, 2018, the issued and outstanding common shares of the Company consisted of 17,483,123 common shares.

Share issuance during the year ended September 30, 2018 was as follows:

On April 17, 2018, the Company completed a non-brokered private placement totaling $3,250,000 by issuing a total of 12,499,999 Units of the Company. Each Unit had a purchase price of $0.26 and consisted of one common share and one common share purchase warrant of the Company. Each full warrant is exercisable at an exercise price of $0.35 for a period of one year from the date of issuance. In association with this private placement, the Company also paid $104,963 in finders' fees and issued 466,533 broker warrants with a fair value of $76,347 that are exercisable at an exercise price of $0.35 for a period of one year from the date of issuance.

At approximately the same date as the private placement, consulting fees of $666,805 were paid to companies owned by individuals who had subscribed for shares which had gross proceeds of $702,905 in the April private placement. These payments have been presented at net for cash flows, due to the effective timing of the transactions.

During the remainder of the year, consulting fees of $100,000 were paid to a company owned by an individual who had subscribed for shares which had gross proceeds of $65,000 in the April private placement.

Subsequent to year end, consulting fees of $10,000 were paid to an individual who had subscribed for shares with gross proceeds of $10,000 in the April private placement.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (Continued)

b) Issued and outstanding: (Continued)

In addition, subsequent to year end consulting fees of $94,500 were paid to a company owned by an individual who had subscribed for shares with gross proceeds of $20,000.

c) Stock options

There were no stock options granted during the nine months ended June 30, 2019.

Activity under the Plan for the nine months ended June 30, 2019 and for the year ended September 30, 2018 were as follows:

	Number of Options	Weighted Average Exercise Price	
Balance, September 30, 2017	416,333	$	2.70
Options forfeited	(416,333)		2.70
Balance, September 30, 2018 and June 30, 2019	-	$	-

c) Warrants

In connection with the private placement that occurred on March 23, 2017, the Company issued 265,200 warrants. The warrants had an exercise price of $2.50 and an expiry date of March 23, 2019. The Company also issued 2,600 share purchase warrants as finder's fees for the private placement on March 23, 2017. These warrants entitle the holder to purchase one common share for each warrant at an exercise price of $1.50 until March 23, 2019.

As part of the private placement on August 2, 2017, the Company issued 293,509 warrants. The warrants had an exercise price of $1.70 and an expiry date of August 2, 2019. In addition, the Company issued 25,777 share purchase warrants as finder's fees for the private placement on August 2, 2017. The warrants entitle the holder to acquire one common share at an exercise price of $1.70 per share until August 2, 2019.

In connection with the private placement that occurred on April 17, 2018, the Company issued 12,499,999 share purchase warrants and 466,534 broker warrants. The warrants had an exercise price of $0.35 and an expiry date of April 17, 2019.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (Continued)

c) Warrants (Continued)

The following assumptions were used in calculating the fair value of the broker warrants using the Black-Scholes Option Pricing Model.

	April 17, 2018	August 2, 2017	March 23, 2017
Expected life (years)	1	2	2
Interest rate	1.81%	1.25%	0.72%
Volatility	137%	73%	69%
Dividend yield	0%	0%	0%

The table below summarizes the information on the outstanding warrants of the Company for the nine months ended June 30, 2019 and for the year ended September 30, 2018:

	Number of Warrants	Weighted Average Exercise Price	
Balance, September 30, 2017	1,016,142	$	3.30
Warrants granted	12,966,533		0.35
Warrants expired	(429,056)		4.92
Balance, September 30, 2018	13,553,619	$	0.42
Warrants expired	(13,234,333)		0.32
Balance, June 30, 2019	319,286	$	1.70

Company warrants outstanding at June 30, 2019 were as follows:

Expiry Date	Exercise Price	Outstanding
August 2, 2019	$1.70	*319,286
		319,286

The weighted average remaining contractual life of warrants outstanding at June 30, 2019 is 0.09 (September 30, 2018 – 0.53) years.

* On August 2, 2019, 319,286 share purchase warrants expired unexercised.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company, for the nine months ended June 30, 2019 and 2018 are as follows:

	For the nine months ended June			
		2019		**2018**
Wages and benefits	$	-	$	653,876
Consulting fees		77,800		21,684
Share-based compensation		-		29,905
	$	77,800	$	705,465

Wages and benefits of $Nil (2018 - $653,876) are included in the following expenses:

		2019		**2018**
Sales and marketing	$	-	$	254,402
General and administrative	$	-	$	331,974
Research and development	$	-	$	67,500

Included in prepaid expenses at June 30, 2019 is $37,000 (September 30, 2018 - $Nil) paid to a director of the Company for advances on expenses.

Included in accounts payable at June 30, 2019 is $3,804 (September 30, 2018 – $Nil) owed to a Company controlled by a common director for unpaid consulting fees and expense reimbursements.

7. FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable, loans payable, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis.

Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and consider the implications of market conditions in relation to the Company's activities.

There are no changes in the Company's objective, policies and processes for managing the risks and the methods used to measure the risks during the nine months ended June 30, 2019.

7. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institutions in interest-bearing accounts. As of June 30, 2019, the Company had no accounts receivable related to customers.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash on hand through working capital management.

At June 30, 2019, the Company had sufficient cash available to pay its current liabilities.

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at June 30, 2019. Interest rate risk is minimal as loans have a fixed interest rate.

(ii) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's assets are collateral for its loans. As at June 30, 2019, the Company considers capital to consist of all components of equity (deficiency) and loans payable. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares, or dispose of assets or adjust the amount of cash on hand. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

At this stage of the Company's development, in order to maximize ongoing operational development efforts, the Company does not pay dividends.

9. SALE OF SUBSIDIARY

RewardStream Solutions NA Inc. ("RSNA") was a wholly-owned subsidiary of the Company that was incorporated on December 13, 2017.

On June 15, 2018, the Company completed the transfer of all of the assets and liabilities of its referral and reward business to RSNA through an asset purchase agreement.

On June 15, 2018, the Company entered into a purchase and sale agreement with Buyapowa Ltd. ("Buyapowa") wherein the Company sold to Buyapowa all the issued and outstanding shares in the capital of RSNA in consideration for an upfront cash payment of $150,000 (the "Closing Payment") and sliding-scale royalty payment based on license fees received from existing and active RSNA customers. The royalty commences at a 15% rate for an initial 11-month period and decreases over time, resulting in a perpetual 1% royalty after a period of 47 months. The royalty will be first applied against the Closing Payment until such fees equal $150,000.

Purchase consideration	**$**	**150,000**
Cash		40,276
Accounts receivable		136,994
Prepaid expenses and deposits		23,642
Equipment and leasehold improvements		88,676
Accounts payable and accrued liabilities		(45,985)
Due to Buyapowa		(35,000)
Other current liabilities		(95,216)
Finance lease obligation		(892)
Deferred revenue		(32,755)
Lease improvement allowance		(55,448)
Net assets sold		**24,292**
Gain on sale of subsidiary	**$**	**125,708**

(Expressed in Canadian Dollars)

9. SALE OF SUBSIDIARY (Continued)

The subsidiary operations have been reclassified as discontinued operations. The following summarizes operating and cash flow information relating to the discontinued operations:

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the nine months ended June 30, 2019	For the nine months ended June 30, 2018
REVENUE	$ -	$ 313,671	$ -	$ 894,541
COST OF SALES	-	(84,341)	-	(270,211)
	-	229,330	-	624,330
EXPENSES				
Sales and marketing	-	97,144	-	367,197
General and administrative	-	192,670	-	653,287
Research and development	-	40,579	-	131,373
Depreciation	-	4,529	-	18,115
Finance cost	-	1,469	-	1,702
Foreign exchange loss (gain)	-	2,893	-	(1,327)
	-	339,284	-	1,170,347
Loss before other item	-	(109,954)	-	(546,017)
Other item				
Gain on sale of subsidiary	-	92,628	-	92,628
Loss from discontinued operations	**$ -**	$ (17,326)	**$ -**	$ (453,389)

Cash used in:	For the nine months ended June 30, 2019	For the nine months ended June 30, 2018
Operating activities	$ -	$ (568,178)
Total cash used in discontinued operations	**$ -**	$ (568,178)

10. Subsequent Events

On June 11, 2019, the Company entered into a definitive share purchase agreement with EuroMed Therapeutics Ltd. (“EuroMed”) pursuant to which the Company will acquire (the “Transaction”) all of the issued and outstanding shares of EuroMed. In accordance with the terms of the Transaction, the Company proposes to consolidate its outstanding share capital on a two-for-one basis, and issue 40,000,000 post-share consolidation common share to the shareholders of EuroMed in exchange for all of the issue and outstanding share capital of EuroMed. In connection with the completion of the Transaction, the Company proposes to voluntarily delist its common shares from the TSXV and apply to list on the Canadian Securities Exchange and will propose a name change to EuroMed Therapeutics Ltd. The definitive share purchase agreement replaces the existing April 30, 2019 letter of intent entered with EuroMed.

Concurrently, the Company intends to undertake a non-brokered private placement of subscription receipts at $0.50 per subscription receipt for gross proceeds of not less than $2,500,000.

The Company also anticipates that it will issue 4,500,000 post-share consolidation common shares as a finder’s fee in connection with the Transaction.

10. Subsequent Events (Continued)

Completion of the Transaction remains subject to a number of conditions, including the completion of satisfactory due diligence, the negotiation and finalization of definitive documentation, receipt of any required regulatory and third-party consents, approval of minority shareholders of the Company to the delisting of the Company's common shares from the TSX Venture Exchange, completion of the Share Consolidation, completion of the Financing, the Canadian Securities Exchange having conditionally accepted the listing of the Company's common shares, the TSX Venture Exchange having consented to the voluntarily delisting of the Company's common shares, and the satisfaction of other customary closing conditions. The Transaction cannot close until the required approvals are obtained, and the Company's common shares have been delisted from the TSX Venture Exchange. There can be no assurance that the Transaction will be completed as proposed or at all, or that the Company's common shares will be listed and posted for trading on any stock exchange. Trading in the Company's common shares is currently suspended and it is anticipated that trading will remain suspended until completion of the Transaction.