

**FINEQIA INTERNATIONAL INC.**  
**(FORMERLY NANOSTRUCK TECHNOLOGIES INC.)**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

*The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the condensed annual audited financial statements, including the notes attached thereto for the years ended September 30, 2018 and 2017. Additional information relating to Fineqia International Inc. (formerly NanoStruck Technologies Inc.) (“Fineqia” or the “Company”) is available on SEDAR at [www.sedar.com](http://www.sedar.com). This MD&A is prepared as of January 28, 2019, and has been approved by the Company’s Board of Directors. All currency amounts are in Canadian dollars unless otherwise noted.*

**FORWARD-LOOKING INFORMATION**

Certain statements included in this document constitute “forward-looking statements”. All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated development activities, the nature of future anticipated scientific research programs and the results thereof, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the market for, and pricing of, any products the Company may produce or plan to produce, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, the Company’s inability to produce products successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under “Risks and uncertainties”.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

**OVERVIEW**

Fineqia International Inc. (formerly known as Nanostruck Technologies Inc. and Blue Gold Water Technologies Ltd.) (the “Company”), was incorporated in British Columbia under the Business Corporations Act on June 20, 2006 under the name Golden Cross Resources Inc. On May 29, 2013, Golden Cross Acquisition Inc. (“Golden Cross”), a subsidiary of Golden Cross Resources Inc. and Blue Gold Tailing Technologies Inc. (“Tailing”) amalgamated. The amalgamated company was then named Blue Gold Tailings Technologies Ltd. (“Tailings”) and is a legal subsidiary of the Company. As a result of this amalgamation, the former shareholders of Tailing were considered to have acquired control of the Company as a result of their controlling share ownership in the resulting entity, the assumption of management of the Company by Tailing’s management team and as a result of Tailing’s control of the Company’s Board of Directors post amalgamation.

**BUSINESS REVIEW**

The Company’s strategic focus has been to provide a platform and associated services to support security issuances and manage administration of debt securities. The platform is designed to bring an issuing company’s minibonds to market, by distributing and marketing minibonds to the crowd, as well as transparently highlighting the risks and objectively outlining opportunities involved. Rather than merely acting as a neutral intermediary, Fineqia vets each opportunity for risk and return. Some may be equity based but the main interest is expected to be debt securities and, unlike the big banks, Fineqia’s digital platform allows it to bypass much of the cost overhead inherent in large financial institutions, potentially resulting in higher yields.

The Platform went live on November 1, 2017. The essence of Fineqia's platform is to match those companies that are originating asset-backed loans, and thus relatively safe, with financial institutions, family offices, hedge funds, and more. The focus is therefore as much on investors seeking high yield as those seeking to raise capital. In addition, Fineqia's platform lets sophisticated end users choose what asset class they invest in, but also gives them access to the data they need to make informed decisions. With Fineqia's listing on the Canadian Securities Exchange, Canadian investors now have an entry point into the broader innovation in fintech, which previously remained concentrated in London in the UK.

On October 12, 2017, Fineqia announced the launch of its first offering, The Field LLC (The Field) via Fineqia Limited. The Field is an action-drama and independent picture, set in New Dehli, India. Directed by Rohit Batra, the Field stars Hollywood actor Brendan Fraser, whose movies have grossed over US\$1 Billion in revenues worldwide and include hits like George and the Jungle and the Mummy trilogy.

On November 28, 2017, Fineqia took an equity stake in PremFina, a UK company that provides software and financing for insurance brokers. PremFina generates loans from the financing of insurance premiums, making insurance more affordable for customers. The loan agreements can be packaged into debt securities and offered on the Fineqia platform. Premium finance is considered high quality debt with UK industry loan losses at less than 0.15%. In addition to providing funding, PremFina offers a Software-as-a-Service (SaaS) to enable finance by insurance brokers.

This deal sets up Fineqia for future growth as it can access one of the most reliable asset classes by essentially offering credit backed by insurance policies. The shares were acquired from IXL Holdings, a related party of Fineqia, to partly settle a convertible loan owed to the Company. Fineqia's convertible loan amounted to \$1,289,023. With \$342,825 converted out of the outstanding loan amount, \$946,198 remains outstanding from IXL Holdings.

Fineqia joins global investors in PremFina including Rakuten Europe S.ar.l, the Japanese e-commerce giant, which also owns ebook company Kobo, Thomvest Ventures Ltd, the venture capital firm run by Peter Thomson of the Thomson family and Draper Esprit PLC which is backed by Silicon Valley billionaire Tim Draper, an early investor in Bitcoin, Tesla, SpaceX, Hotmail and Skype.

On December 1, 2017, as an extension to the Company's fintech operations, including the debt and equity platform, the Company announced that it will adopt distribution ledger technologies, commonly referred to as the Blockchain as it builds out its alternative finance business.

Fineqia's business focus within the emerging paradigm of Blockchain based financial services is being crafted by its management in dialogue with regulatory bodies, technologists, investors and entrepreneurs involved with Blockchain companies.

The Company early identified that Blockchain technologies and crypto currencies are key to enabling the Company's mission to democratise financial services, with Blockchain creating a more efficient means for financial transactions than those in use today. In addition, PremFina's insurance broker credit business lends itself well to a pipeline of future Blockchain enabled bond offerings.

On January 25, 2018, the Company took an equity stake in Nivaura Ltd, a company which recently demonstrated the world's first crypto-currency denominated bond issuance that was cleared, settled and registered entirely on a public blockchain. Fineqia made a cash investment for a minority stake in Nivaura and joins New York-based Digital Currency Group, the world's top investor in blockchain companies in 2017 according to market research firm CB Insights, in Nivaura's first institutional financing round. Fineqia will be able to deploy the world's first fully automated bond issuance and administration platform utilising Nivaura's technology at significantly lower cost than existing channels. Issuers will be able to structure, execute and administer legally enforceable bond contracts using public blockchain infrastructure. To meet current client requirements, the bonds will be denominated in fiat currency. The cash held in Nivaura's client money accounts will, however, be tokenised to enable blockchain clearing and settlement.

On February 6, 2018, the Company announced 65% of the minimum offering of The Field available on the platform of its U.K. subsidiary Fineqia Ltd, has been subscribed. The minimum amount to be raised on the Fineqia platform was US\$100,000 for 1.6 units of equity in The Field LLC, a California limited company.

On February 7, 2018, the Company announced the formation of an advisory group of experts on distributed ledger technologies, commonly referred to as the blockchain. The set up of this group is in line with the Company's strategic shift toward investments in and acquisitions of companies developing and propagating blockchain based financial solutions that are adjunct to the Company's core business of placing debt and equity securities.

On February 15, 2018, the Company announced that Karolina Komarnicka has resigned from the Chief Marketing Officer's (CMO) position. The Company will seek a new CMO with blockchain experience.

On March 6, 2018, the Company announced it was investigating the set up of a subsidiary to focus on effectively managing and growing its portfolio of blockchain-related investments such as the investment in London-based Nivaura mentioned above.

On March 23, 2018, the Company announced that its first offering available on the platform of its U.K. subsidiary Fineqia Limited, has been fully subscribed. The Field, an action-drama and independent picture set on the streets of New Delhi, India, previously raised approx. US \$2.3 million and connected with the Fineqia platform to help raise the remaining funds to help take the movie to completion. The minimum amount to be raised on the Fineqia platform was US\$ 100,000 for 40% of 1.6 units of equity in The Field LLC, a California limited company. This amount has now been met to complete the full US\$ 100,000 for which Fineqia Limited received a placement fee.

On June 6, 2018, the Company announced the management of Fineqia International Inc. was actively pursuing its dialogue with regulatory bodies, technologists, investors and entrepreneurs involved with Blockchain as part of its strategy to adopt and focus on Blockchain based financial services.

On July 9, 2018, The Company announced it has taken an equity entitlement in Black Insurance (“Black”), a digital insurance startup on the blockchain. Black intends to become a licensed insurer and enable the underwriting of new insurance policies via insurance syndicates akin to the Lloyd’s market. Insurance brokers and agents will be able to create bespoke insurance schemes faster and cheaper using the Black platform. Black will price the risk of specific syndicates and sell fractional ownership in such pools in the form of tokens representing the unit value of each syndicate’s expected financial return. This process makes participation in insurance syndicates more efficient and transparent via time-stamped and traceable transaction records recorded on the blockchain.

The strategic investment allows the Company to strengthen its existing pipeline of asset-backed debt securities that will be offered to investors on its platform.

On July 20, 2018, The Company announced its subsidiary Fineqia Limited (registered in England and Wales) has been accepted to participate in the fourth cohort of the Financial Conduct Authority (‘FCA’) Sandbox Regulatory Program. The regulatory sandbox allows firms to test innovative products, services or business models in a live market environment, while ensuring appropriate protections are in place.

Fineqia Limited met the FCA Sandbox eligibility criteria and was among the 29 companies accepted out of 69 applicants. It will develop and test the issuance and administration of bonds backed by blockchain-based cryptoassets, such as Bitcoin and Ethereum. It will utilize a blockchain-based digital platform to automate all key steps in the financial product lifecycle, such as term coordination, legal documentation, deal subscription and ongoing administration in view of facilitating secondary trading of this innovative financial product after successful completion of the testing phase. Secured bonds will be more efficiently and compliantly executed using a blockchain infrastructure with cryptoassets used as collateral.

On August 7, 2018, the Company’s subsidiary Fineqia Limited provided notice to Kession Capital Limited of its wish to terminate the Appointed Representative Agreement dated December 6, 2016. The termination date was September 12, 2018. Fineqia Limited is working to become authorised by the FCA in its own right further to its acceptance into the Sandbox as described above.

On August 15, 2018, the Company announced the set-up of a subsidiary company in Malta which it will hold its investment shareholdings. Fineqia Investments Limited has been established in Malta to hold the Company’s growing portfolio of blockchain, fintech and cryptocurrency technology companies worldwide such as Estonian Company Black Insurance, Malta-based IXL PremFina Ltd and the UK’s Nivaura Limited. The investments are adjunct to the Company’s core business of placing debt and equity securities.

On November 18, 2018, the Company announced that its subsidiary Fineqia Limited has also partnered with Eversheds Sutherlands (International) LLP for assistance with the legal and compliance related matters with respect to the development of the bonds backed by blockchain-based cryptoassets as part of the FCA Sandbox Regulatory Program. Eversheds Sutherlands (International) LLP will assist Fineqia Limited with the drafting of the cryptoassets backed bond documentation as well as the current process completed by Fineqia Limited to be authorised by the FCA in its own right.

On January 9, 2019, the Company announced its subsidiary Fineqia Limited has partnered with Nivaura Limited to use its white-label capital markets platform to perform a fully automated tokenised bond issuance and administration, registered and cleared on a public Ethereum blockchain, to conduct its test for issuing crypto asset backed bonds. Fineqia Ltd’s test is required as part of its acceptance into the U.K. Financial Conduct Authority’s (‘FCA’) Sandbox Regulatory Program announced in July 2018. It was amongst 29 companies accepted out of 69 applicants that met the FCA Sandbox eligibility criteria. The test is set to take place in Q1 of 2019, with results also to be obtained in the first quarter.

It will enable owners of crypto currencies such as Bitcoin and Ethereum to borrow fiat funds via the issuance of crypto asset backed bonds. The product has found appeal among institutional owners of crypto assets, such as miners, funds and exchanges,

seeking liquidity but not keen on selling their crypto currencies. Fineqia's partnership with Nivaura allows for such institutional asset owners to offer transferable fiat denominated bonds to investors for fixed durations and coupons.

On January 21, 2019, the Company announced the value of its equity holding in Phunware Inc. a fully integrated enterprise cloud platform for mobile that provides products, solutions, data and services for brands worldwide.

With Phunware's share price at US\$149 (C\$198) at the time of the close of the NASDAQ stock market on Friday Jan. 18, Fineqia's shares in Phunware are valued at US\$2,424,975 (C\$3,216,185). The Company's also holds warrant to buy an equivalent number of shares, giving Fineqia a combined shares and warrants value of US\$4,849,950 (C\$6,432,390).

Headquartered in Austin, Texas, Phunware Inc. is the pioneer of Multiscreen-as-a-Service (MaaS), a fully integrated enterprise cloud platform for mobile that provides companies the products, solutions, data and services necessary to engage, manage and monetize their mobile application portfolios and audiences globally at scale. Phunware helps the world's most respected brands create category-defining mobile experiences, with more than one billion active devices touching its platform each month.

Phunware was established in February 2009 and has raised about \$100 million from investors such as Wavemaker Partners (Draper Network Fund), Fraser McCombs Ventures, Maxima Ventures, Samsung, Cisco Investments, World Wrestling Entertainment, PLDT Capital, Central Texas Angel Network (CTAN), Baylor Angel Network (BAN) and others. Phunware's platform powers more than 6 billion daily transactions and generates more than 5 terabytes of data per day. It counts 13 patents and six others pending in its intellectual property portfolio.

## SELECTED ANNUAL INFORMATION

### Summary of Quarterly results

The following table sets forth selected audited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending September 30, 2018.

	For the Three Months Ended							
	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
\$								
Revenue	2,597	-	-	-	-	-	-	-
Income (loss) from continuing operations	(364,208)	(386,566)	(310,570)	(372,759)	(1,177,993)	(347,029)	(359,626)	(286,283)
Net Income (Loss)	(364,208)	(386,566)	(310,570)	(372,759)	(1,177,993)	(347,029)	(359,626)	(286,283)
Income (loss) from continuing operations per share -basic and diluted	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)
Income (loss) per share - basic and diluted	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)

### Selected Annual Information

	For Year Ended September 30			
	2018	2017	2016	2018/2017 change
	\$	\$	\$	\$ %
Statement of operations				
Revenue	2,597	-	-	- 100%
Expenses				
Salaries and benefits	687,800	681,209	558,475	6,591 1%
Other overhead expenses	768,314	809,559	784,944	(41,245) (5%)
Interest expense	-	-	-	-
Share-based compensation	-	705,405	-	705,405 109%
Total expenses	1,456,114	2,196,173	1,343,419	646,502
Interest income	19,415	25,242	-	(5,827) (23%)
Income (loss) before taxes	(1,434,102)	(2,170,931)	(1,343,419)	736,829
Net income (loss)	(1,434,102)	(2,170,931)	(1,343,419)	736,829
Net income (loss) attributable to shareholders	(1,434,102)	(2,170,931)	(1,343,419)	736,829
Earnings per share (EPS) -basic and diluted	(0.00)	(0.00)	(0.01)	

Balance sheet data			
Total assets	2,482,671	2,823,660	2,392,946
Total liabilities	2,384,658	1,291,545	1,112,219
Total shareholders funds	98,013	1,532,115	1,280,727

As the Company starts the process of issuing offerings on the platform and on-boarding investors, the Company will continue to incur operating losses. The Company expects that losses will continue in the short term whilst the business ramps up.

#### For the year ended September 30, 2018

The Company's net loss for the year was \$1,434,102 compared to the loss of \$2,170,931 for the year ended September 30, 2017. The net decrease in loss of \$736,829 was primarily due to the following:

- a) Share-based compensation decreased by \$705,405 from \$705,405 in 2017 to \$Nil in 2018. During 2017, the Company granted 75,850,000 options at \$0.05, expiring on March 22, 2022. The grant date fair value of these options of \$705,405 was estimated using the Black-Scholes valuation model.
- b) Professional fees, consulting and advisory decreased \$184,496 from \$513,030 in 2017 to \$328,534 in 2018. Decrease in expenditure year-on-year but the bulk of expenditure continues to arise from the use of external consultants as the Company continues in the start-up stage. This decrease in expenditure was offset by increases through;
- c) Salaries and wages increased by \$6,591 from \$681,209 in 2017 to \$687,800 in 2018. The increase in expenditure can be explained by a full years cost for the new chairman, Martin Graham who was appointed on February 27, 2017; and
- d) Advertising and promotion costs increased by \$22,640 from \$176,892 in 2017 to \$199,532 in 2018. The increase was due to developing crowd funding promotion and marketing activities for the Company; and
- e) Travel and lodging costs increased by \$130,518 from \$73,909 in 2017 to \$204,427 in 2018. The increase was due to business development.

#### **LIQUIDITY AND CAPITAL RESOURCES**

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise commercialization and development programs depending on its working capital position.

Issued and outstanding warrants at September 30, 2018 were 608,151,852 (2017 – 608,151,852 with exercise prices of \$0.05 and \$0.13). This includes 359,219,950 with exercise price of \$0.05 issued in the private placement in October 2016.

During the year the Company granted \$Nil (2017: 75,850,000) new options. During the year ended September 30, 2018, 7,000,000 options were cancelled.

At September 30, 2018, the Company's net working capital deficit was \$238,842 (September 30, 2017 \$1,189,290). However, included in the net working capital is \$1,507,237 as at September 30, 2018 (2017 - \$582,747) due to entities controlled by officers and directors of the Company. These related parties have indicated that they would not demand repayment of the balances owing if it would have a negative impact on the operations of the Company. As of the date of this MD&A, the Company has no outstanding commitments other than its on-going trade payables and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company recognizes the need to obtain equity financing to meet its obligations and fund its development programs. The Company is in discussion with potential investors, however, at this time potential investors have made no written commitments.

## TRANSACTIONS WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the year ended September 30, 2018 a description of these related parties' transactions are as follows:

- (a) The following is the detail of remuneration/ consulting paid / accrued (excluding out of pocket expense) to related parties:

<b>Name of Officer/ Director</b>	<b>Position</b>	<b>Nature of Payment</b>	<b>Oct 1, 2017 - Sep 30, 2018 Fees Accrued/Paid (\$)</b>
Bundeep S. Rangar	Chairman, CEO	Consulting/Board Fees	256,000
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	184,000
Martin Graham	Chairman	Board Fees	95,000
Brij Chadda	Director	Board Fees	24,000
Marty Bernholtz	Director	Board Fees	22,000
IndusView UK Ltd.	A company controlled by a director and officer	Consulting Fees	15,000
			596,000

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the year ended September 30, 2018 and 2017.

Key management personnel were granted stock options with a grant date fair value of \$Nil expensed during the year ended September 30, 2018 (2017 - \$396,000).

Due to related parties as at September 30, 2018 of \$1,798,865 (2017 - \$721,576) is comprised of amounts owing to certain directors, officers and companies controlled by officers of the Company or companies that directors and officers have significant influence over. These amounts are unsecured, non-interest bearing and due on demand.

The Company has made a loan of \$965,648 (2017 - \$1,289,058) to IXL Holdings Limited, a Company located in Malta with UK operating subsidiaries IXL PremFina Limited and PremFina Limited. IXL Holdings Limited operates a subsidiary, IXL PremFina Limited which is a newcomer to the insurance industry, providing loan administration software and funding for customers opting to pay insurance premiums by instalments. On January 16, 2019 the receivable due from IXL Holdings Limited was settled in full, including interest up to the settlement date.

The Company has supported the development and completion of a state-of-the-art IT platform which has taken IXL PremFina Limited to the revenue generating phase with a unique insurance industry product offering. IXL PremFina Limited is a related company to Fineqia, through common directors and shareholders, and will provide a pipeline of debt securities to be placed on the Fineqia crowdfunding platform and therefore a continuous revenue stream.

The loan was agreed to be short term and therefore is not interest bearing in the period but is repayable on demand. In addition, the Company has an option to convert the loan to an equity stake in IXL PremFina Limited.

Included in prepaid expenses and deposits as at September 30, 2018 is \$Nil (2017 - \$109,167) advanced to certain directors, officers and companies controlled by officers of the Company, for services to be provided during the ensuing year.

(b) The following is the detail of remuneration/ consulting paid / accrued (excluding out of pocket expense) to related parties during the year ended September 30, 2017:

<b>Name of Officer/Director</b>	<b>Position</b>	<b>Nature of Payment</b>	<b>Oct 1, 2016 - Sep 30, 2017 Fees Accrued (\$)</b>
Bundeeep Singh Rangar	Chairman, CEO	Consulting/Board Fees	256,000
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	184,000
Martin Graham	Chairman	Board Fees	45,000
Brij Chadda	Director	Board Fees	24,000
Marty Bernholtz	Director	Board Fees	22,000
IXL Servcorp Limited	A company controlled by a director and officer	Consulting Fees	250,000
IndusView UK Ltd	A company controlled by a director and officer	Consulting fees	30,000
			811,000

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. Valuation of receivables – in assessing the valuation, management must analyse the ability of the debtor to repay the amount. This analysis includes the consideration of the assets of the debtor and consideration of the current and future expected profitability and cash flows of the debtor. Changes in the financial condition of the counterparties may result in changes to the collectability of the receivables, resulting in an impairment.
2. Impairment of property, plant & equipment and intangible assets – in assessing impairment, management must determine the level at which independent cash flows exist, the asset or an asset grouping. Estimates of the recoverable amount of each asset or cash generating unit is determined; based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.
3. Fair value measurements for share-based payments and other equity-based transactions.
4. Recognition of deferred tax assets and liabilities – the extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.
5. Valuation of investments in securities not quoted in an active market or private company investments



## CONTRACTUAL OBLIGATIONS

There are no future payments under operating leases for premises & equipment nor contractual payments to consultants.

## ACCOUNTING POLICIES

### *Accounting standards adopted during the year*

During 2018, the Company adopted the amendment to IAS7. The new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after October 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 2 – Share-based Payment (“IFRS2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 – Revenue, IAS 11 – Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of cash, accounts receivable, accounts payable, and accrued liabilities approximate their carrying value due to their short-term nature.

## FINANCIAL RISK MANAGEMENT

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity price risk). 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 that a customer or a related party receivable will be unable to pay the Company in full when an amount becomes due. The Company does not have material exposure to customer credit risk as there has been minimal revenue generated.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial requirements. At September 30, 2018, the Company's net working capital deficit was \$238,842 (September 30, 2017 \$1,189,290). However, included in the net working capital is \$1,507,237 as at September 30, 2018 (2017 - \$582,748) due to entities controlled by officers and directors of the Company. These related parties have indicated that they would not demand repayment of the balances owing if it would have a negative impact on the operations of the Company. The accounts payables and accrued liabilities are due within 90 days.

### Foreign currency risk

Foreign exchange risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company has transactions in US dollars and British pounds. The Company had the following foreign currency balances at September 30, 2018 and 2017:

	2018		2017	
	GBP	USD	GBP	USD
Cash	400,355	857	603,887	-
Receivables	11,566	-	3,937	-
Investments	330,998	150,000	-	-
Accounts payable and accrued liabilities	7,667	-	26,819	-
Due to related parties	120,219	-	59,407	-
Due from related parties	8,673	-	-	-

A 10% appreciation (depreciation) of the British Pound against the Canadian dollar, with all other variables held constant, would result in approximately a \$103,000 decrease (increase) in the Company's net loss for the year. A 10% appreciation (depreciation) of the US dollar against the Canadian dollar, with all other variables held constant, would result in approximately a \$20,000 decrease (increase) in the Company's net loss for the year.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company's exposure to interest rate risk is nominal as it does not have any interest bearing assets or liabilities.

## Price risk

The Company is exposed to price risks arising from investments in non-public companies recognised at their estimated fair value. As the valuation of investments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates. The Company holds an investment in Phunware Inc which is denominated in the United States dollar. A 10% change in the price of the shares of the investees would result in a \$74,000 increase or decrease in the Company's net loss for the year.

## Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, contributed surplus, net of accumulated deficit. The Company's net capital surplus was \$98,013 as at September 30, 2018 (September 30, 2017 – \$1,532,115).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets. Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved.

There were no changes in the Company's approach to capital management during the year ended September 30, 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the CSE which requires adequate working capital of \$50,000 in order to maintain its stock listing in good standing. See details in Note 11 of the consolidated financial statements for the year ended September 30, 2018.

The Company's objectives when managing capital are:

- a) To maintain and safeguard accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds for its operational needs.
- b) To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- c) To obtain the necessary financing, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements.

In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in note 2 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

## **OTHER INFORMATION**

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Going concern**

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The ability of the Company to continue as a going concern is dependent upon its ability to obtain financing on reasonable terms and to attain profitable operations and further fund operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate additional financing in the future, in which case the Company may be unable to meet its obligations. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going

concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

The Company had a loss of \$1,434,102 for the year ended September 30, 2018 (September 30, 2017 - \$2,170,931), a deficit as at September 30, 2018 of \$14,531,603 (September 30, 2017 - \$13,162,601) and a net working deficit of \$238,842 as at September 30, 2018 (\$1,189,290 – September 30, 2017). However, included in the net working capital is \$1,507,237 as at September 30, 2018 (2017 - \$582,748) due to entities controlled by officers and directors of the Company. These related parties have indicated that they would not demand repayment of the balances owing if it would have a negative impact on the operations of the Company. The Company does not, however, currently directly hold revenue-generating assets.

The Company, therefore, has limited expenditure to external essential costs only to develop and promote the new crowd funding business for the planned improvement in the Company's cash position going forward.

These financial statements do not contain the adjustments that would be necessary if the Company was unable to continue as a going concern. Such adjustments would include presenting assets at their recoverable amounts, which would be likely to result in further provisions to the current carrying amounts in these consolidated financial statements and to providing for further liabilities that might arise on a break up basis of preparation.

#### **SUBSEQUENT EVENTS**

Subsequent to September 30, 2018, the Company received \$965,648 from IXL Holdings Limited in settlement of the amount receivable disclosed in Note 6 of the consolidated financial statements.

#### **OUTSTANDING SHARE DATA**

As at the date of MD&A, the following securities were outstanding:

	<b>FNQ</b>
<b>Common Shares</b>	760,013,064
<b>Stock Options</b>	68,850,000
<b>Warrants</b>	608,151,852