# FINEQIA INTERNATIONAL INC.
# (FORMERLY NANOSTRUCK TECHNOLOGIES INC.)
# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
## FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

*The following management's discussion and analysis ("MD&A") should be read in conjunction with the condensed unaudited financial statements including the notes attached thereto for the three months ended December 31, 2019 and 2018. Additional information relating to Fineqia International Inc. (formerly NanoStruck Technologies Inc.) ("Fineqia" or the "Company") is available on SEDAR at www.sedar.com. This MD&A is prepared as of March 2, 2020, 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 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.

As part of this evolution in strategy, the Company will consider strategic 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.

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. Companys 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 of US$ 2,000.

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 allocation in Black Syndicate Holdings Limited ("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. Bundeep Singh Rangar was an initial 50% investor in the related company, Black Foundation OU. Black Foundation developed the IP and will transfer this to Black Syndicate Holdings Limited for a nominal amount.

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 shall be 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 via 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 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$92 (C$124) at the time of the close of the NASDAQ stock market on Wednesday Mar. 1, Fineqia's shares in Phunware are valued at US$1,497,157 (C$1,998,875). The Company's also holds warrant to buy an equivalent number of shares, giving Fineqia a combined shares and warrants value of US$2,994,315 (C$3,997,751). Fineqia held warrants to purchase 35,458 shares of Series F preferred stock. The original warrants were exercisable into 35,458 Series F Preferred Shares at an exercise price of US $4.23 per share, expiring on the fifth anniversary of the date of issuance. This converted to 35,458 * 0.459 = 16,275 warrants at an exercise price of US$9.22 (US$4.23 / 0.459). Exercise took place January, 22 2019 on a cashless basis and the Compaany received 15,084 common shares of Phunware.

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 nine others pending in its intellectual property portfolio.

On April 10, 2019, the Company announced that its UK subsidiary has successfully arranged for the subscription of an additional US$25,000 in The Field LLC (“The Field”). Announced on October 12, 2017, The Field was the first offering of the Company on the online platform of its UK subsidiary Fineqia Ltd (the “Fineqia Platform”). The Field connected with the Fineqia Platform to help raise US$100,000 to take the movie “Line of Descent” (previously The Field) to completion. Fineqia Ltd has arranged for the subscription of an additional US$25,000 in The Field required to finalise the post-production of the movie.

On April 10, 2019, the Company announced that Martin Bernholtz has resigned from its Board of Director. Mr Bernholtz has been a Director of the Company since June 20, 2014.

On April 30, 2019, the Company announced the tripling of the equity value of its stake in Nivaura Limited (“Nivaura”) following the completion of Nivaura’s latest investment round. Nivaura’s capital markets platform, which is licensed to clients on a white label basis, enables fully automated securities issuance and execution using either existing capital markets infrastructure or blockchain infrastructure. The latest financing comes as the third stage of Nivaura’s funding. The Company participated in the previous stage as well as part of its strategy to strengthen its existing portfolio of blockchain, fintech and cryptocurrency technology companies worldwide that support its business model. The Company’s latest investment sum in Nivaura represents less than three percent of its market capitalisation. The Company’s investment in Nivaura is held via its subsidiary Fineqia Investments Ltd.

On May 6, 2019, the Company announced that its UK subsidiary, Fineqia Limited, has successfully arranged for the issuance and subscription of a bond against assets of loan receivables. Fineqia Limited placed the bond issued by PremFina Ltd ("PremFina") and subscribed to by global venture capital firm, Wavemaker Genesis Master Fund ("Wave"), a unit of Wave Financial Group. PremFina created and authorised the issue of an aggregate ten 3.5% Secured Loan Notes with an aggregate nominal amount of $100,000. The bond is issued in and subscribed to in U.S. dollars, backed by assets in the form of UK loan receivables from premium finance loans. This bond has a six-month maturity term.

On May 2, 2019, the Company announced its subsidiary, Fineqia Investments Limited (“Fineqia Investments”) has taken an equity stake in Wave Financial Group, LLC (“Wave”). Based in Los Angeles, Wave undertakes early-stage investment, asset management, treasury management and strategy consulting to enhance the adoption of blockchain technologies worldwide. The investment gives the Issuer a stake in a team with significant knowledge, expertise and a worldwide network. Wave draws on the experience and discipline of early-stage investing of its CEO and founder David Siemer, who previously co-founded Wavemaker Partners ("Wavemaker") that has nearly 15 years of investment and operating history. Wavemaker includes seven funds with Assets Under Management of $300 million and investments in more than 300 companies in the U.S. and Southeast Asia. The Issuer’s investment in Wave is in line with its strategy to invest in blockchain related companies that support its business model. The Issuer’s investment sum represents less than 5% of its market capitalisation.

On May 29, 2019, the Company also announced an increase in its equity stake in Black Syndicate Holdings Limited ("Black"), a digital insurance start-up on the blockchain. Co-founded in 2018 by Risto Rossar with Bundeep Singh Rangar, 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. This was Black's second financing round. The Issuer participated in the previous stage as well as part of its strategy to invest in companies that allow the Issuer to strengthen its existing portfolio of blockchain, fintech and cryptocurrency technology companies worldwide. The Company's investment in Black is held via its subsidiary, Fineqia Investments, and the investment sum represents less than 9% of Black Syndicate Holdings Limited equity.

## SELECTED ANNUAL INFORMATION

### Summary of Quarterly results

The following table sets forth selected financial information for the Company's eight most recent quarters ending with the last quarter for the year ended December 31, 2019.

| | **For the Three Months Ended** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ | Dec 31, 2019 | Sep 30, 2019 | Jun 30, 2019 | Mar 31, 2019 | Dec 31, 2018 | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 |
| Revenue | 108,232 | 138,547 | 100,000 | - | - | 2,597 | - | - |
| Income (loss) from continuing operations | (94,337) | (95,908) | (858,113) | 186,642 | (227,251) | (364,208) | (386,566) | (310,570) |
| Net Income (Loss) | (94,337) | (95,908) | (758,113) | 186,642 | (227,251) | (364,208) | (386,566) | (310,570) |
| Income (loss) per share - basic | (0.0001) | (0.0001) | (0.0010) | 0.0002 | (0.0003) | (0.0005) | (0.0005) | (0.0004) |
| Income (loss) per share - diluted | - | - | - | 0.001 | - | - | - | - |

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 December 31, 2019

The Company's net loss for the period was $94,337 compared to the loss of $227,251 for the three months ended December 31, 2018. The net decrease in loss of $132,914 was primarily due to the following:

a) Revenue increased by $108,232 from $Nil in 2018 following consultancy charges invoiced; and

b) Advertising and promotion costs decreased by $27,120 from $44,750 in 2018 to $17,630 in 2019. The decrease was due to limiting promotion and marketing activities for the Company; and

c) Travel and lodging costs increased by $12,869 from $3,911 in 2018 to $16,780 in 2019. The increase was due to increased travel during the period incurred by management to promote the Company; and

d) Unrealized foreign exchange gains increased by $12,435 from $15,923 in 2018 to $28,358 in 2019. The increase was due to exchange rate gains on investments held in GBP and Euro; and

e) Unrealized fair value loss on investments increased by $12,690 from $Nil in 2018 following revaluation of investments.

## 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 December 31, 2019 were 608,151,852 with an exercise price of $0.05 (September 30, 2019 – 608,151,852 with exercise prices of $0.05).

During the period the Company granted Nil (2018 Nil) new options. No options were cancelled or expired during the period. Outstanding options at December 31, 2019 were 66,350,000 (September 30, 2019 - 66,350,000)

At December 31, 2019, the Company's net working capital deficiency was $3,213,502 (September 30, 2019 - $3,098,384). However, as at December 31, 2019 included in the net working capital is $2,767,444 (September 30, 2019 - $2,597,664) due to directors and 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.

## TRANSACTIONS WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the three months ended December 31, 2019 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:

| Name of Officer/ Director | Position | Nature of Payment | Fees Accrued/Paid ($) |
|---|---|---|---|
| Bundeep S. Rangar | Chairman, CEO | Consulting/Board Fees | 63,500 |
| Steve McCann | CFO, Chair of Audit Committee | Consulting/Board Fees | 45,500 |
| Martin Graham | Chairman | Board Fees | 16,000 |
| Brij Chadda | Director | Board Fees | 5,500 |
| IndusView UK Ltd. | A company controlled by a director and officer | Consulting Fees | 7,500 |
| Rooftop Ventures Inc. | A company controlled by a director and officer | Consulting Fees | 16,000 |
| | | | 154,000 |

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 three months ended December 31, 2019 and 2018.

Key management personnel were granted stock options with a grant date fair value of $Nil expensed during the year ended December 31, 2019 (2018 - $Nil).

Due to related parties as at December 31, 2019 of $2,984,850 (September 30, 2019 - $2,815,071) is comprised of amounts owing to certain directors, officers and companies contolled 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 $916,831 (September 30, 2019 - $912,723 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. In addition, the Company held a loan with PremFina Limited of $433,277 (September 30, 2019 - $433,277) repayable on demand.

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.

During the three months ended December 31 2019, the Company charged $108,232 (2018 - $Nil) for consulting fees to PremFina Limited, a corporation controlled by officers and directors of the Company. As at December 31, 2019, there is a non-current receivable of $20,001 (September 30, 2019 - $58,547) from PremFina Limited relating to these revenues. This amount is unsecured, non-interest bearing and due on demand.

Officers and companies controlled by officers also have common shareholdings in the investees IXL PremFina Limited and Black Syndicate Holdings Limited.

(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, 2018:

## 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 continent 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. Fair value of investments in securities not quoted in an active market or private company investments - Where the fair values of investments recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived

from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

6. Fair value of investments in convertible promissory notes – Investments in convertible promissory notes to private companies are carried at fair value, and are determined using valuation techniques based on the conversion terms of the promissory notes. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.
7. Investment in associate - Investments in associates are accounted for using the equity method, whereby the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of the net assets of the investment. The Company's share of the results of operations of an associate is reflected in the profit and loss. An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not represent control or joint control over those decisions. Management reviews and makes considerations for the relevant factors in determining whether significant influence exists in investments. During the three months ended December 301 2019 and 2018, the Company determined it did not have any associates.
8. Determination of functional currency

**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***

**CHANGES IN ACCOUNTING POLICIES**

During the year ended September 30, 2019, the Company had adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

**IFRS 34 Interim Financial Reporting - Statement of compliance**

The Company applies International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of March 2, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2019, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

Effective October 1, 2018, the Company adopted IFRS 9, Financial Instruments, and IFRS 15 Revenue from Contracts with Customers, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at October 1, 2018. There were no material effects on opening balances at October 1, 2018 with respect to the adoption of these policies.

**IFRS 9, Financial Instruments**

IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow

characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

| | **Financial instrument classification** | |
|---|---|---|
| | **Under IAS 39** | **Under IFRS 9** |
| **Financial assets** | | |
| **Cash** | Loans and receivables | Amortized cost |
| **Receivables** | Loans and receivables | Amortized cost |
| **Investments** | Held for trading | FVPL |
| | | |
| **Financial liabilities** | | |
| **Accounts payable and accrued liabilities** | Other financial liabilities | Amortized cost |
| **Due to related parties** | Other financial liabilities | Amortized cost |

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended September 30, 2018 was accounted for in accordance with the Company's previous accounting policy under IAS 39. Significant accounting policies which outline the current and previous accounting policies pertaining to financial instruments.

**IFRS 15, Revenue from Contracts with Customers**

IFRS 15 establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, Construction contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and Standard Interpretations Committee interpretation 31, Revenue – Barter Transactions Involving Advertising Services.

Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable.

The adoption of IFRS 15 did not have a material impact on the Company's financial statements. The Company adopted IFRS 15 retrospectively without restating comparatives and therefore the comparative information in respect of revenue for the year ended September 30, 2018 was accounted for in accordance with the Company's previous accounting policy under IAS 18. There are no differences in the current and previous accounting policies pertaining to revenue recognition.

**Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after October 1, 2019. 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.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use

asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

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 uncertainity 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:

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 and Economic Dependence*

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 holds significant receivables from certain related companies (see Note 6). The Company actively monitors the financial status of these related companies to minimize the credit risk associated with these receivables. A decline in the operations of these companies could result in uncertain collectability of these receivables. Revenue from one customer represented 100% of the Company's total revenue for the three months ended December 31, 2019 (December 31, 2018 – 0%).

### *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. As at September 30, 2019, the Company had net working capital deficiency of $3,213,502 (September

30, 2019 – $3,098,384. The short-term accounts payables and accrued liabilities are due within 90 days. See also Notes 2 and 6.

*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, Euros and British pounds. The Company had the following foreign currency balances at December 31, 2019 and September 30, 2019:

| | December 31, 2019 | | | September 30, 2019 | | |
|---|---|---|---|---|---|---|
| | GBP | EUR | USD | GBP | EUR | USD |
| Cash | 534 | - | 51 | 1,268 | - | 51 |
| Receivables | 4,103 | - | - | 9,701 | - | - |
| Investments | 596,153 | 117,806 | 182,467 | 565,618 | 118,980 | 197,157 |
| Accounts payable and accrued liabilities | - | - | - | 11,807 | - | - |

A 10% appreciation (depreciation) of the British Pound against the Canadian dollar, with all other variables held constant, would result in approximately a $57,000 decrease (increase) in the Company's net loss for the year. A 10% appreciation (depreciation) of the Euro against the Canadian dollar, with all other variables held constant, would result in approximately a $16,000 increase (decrease) 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 $19,000 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. A 10% change in the price of the shares of the investees would result in a $136,000 increase or decrease in the Company's net loss for the year.

*Capital management*

The capital structure of the Company consists of equity, comprising share capital, shares to be issued, contributed surplus, net of accumulated deficit. The Company's shareholders' deficit was $890,954 as at December 31, 2019 (September 30, 2019 – deficit of $796,617).

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.

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.

There were no changes in the Company's approach to capital management during the three months ended December 31, 2019.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. As of December 31, 2019, the Company had net working capital deficiency of $3,213,502 (September 30, 2019 – $3,098,384). However, included in the net working capital is $2,767,444 as at December 31, 2019 (September 30, 2019 - $2,597,664) due to directors and 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.

Notwithstanding the risks described in Note 2 of the consolidated financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

*Fair value*

The fair value of the Company's financial assets and liabilities approximates the carrying amount, given their short term nature. Financial instruments measured at fair value are classified into one of 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 Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these instruments.

ii. Investments in private entities are carried at management's best estimates of their fair value as disclosed below.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2019:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) $ | Significant Other Observable Inputs (Level 2) $ | Significant Unobservable Inputs (Level 3) $ | Aggregate Fair Value $ |
|---|---|---|---|---|
| Public investments | 54,922 | - | - | 54,922 |
| Non-public investments | - | - | 1,320,939 | 1,320,939 |
| | 54,922 | - | 1,320,939 | 1,375,861 |

**Level 3 hierarchy:**

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains (loss) is recognized in the operations.

| Investment at fair value | Opening balance $ | Purchases $ | Transfers in/out $ | Net unrealized gain (loss) $ | Ending balance $ |
|---|---|---|---|---|---|
| December 31, 2019 | 1,291,577 | - | - | 29,362 | 1,320,939 |
| September 30, 2019 | 740,276 | 445,154 | (186,780) | 294,927 | 1,291,577 |

Within Level 3, the Company includes non-public company investments. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions, the marketability of the shares and the share performance of comparable publicy-traded companies.

The following tables present the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

### September 30, 2019

| Investment Name | Valuation technique | Fair value $ | Unobservable inputs |
|---|---|---|---|
| IXL PremFina Limited | Recent financing (i) | 335,450 | Marketability of shares |
| Nivaura Limited | Recent financing (ii) | 616,053 | Marketability of shares |
| Black Syndicate Holdings Limited | Recent financing (iii) | 170,813 | Marketability of shares |
| Wave Financial Group LLC | Recent financing (iv) | 198,623 | Marketability of shares |
| | | 1,320,939 | |

(i) Based on equity financing in August 2018.
(ii) Based on equity financing in February 2019.
(iii) Based on equity financing in March 2019.
(iv) Based on convertible debt financing in November 2018.

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, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

For those investments valued based on a recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2019 and September 30, 2019. A 10% decrease (increase) on the fair value of these investments will result in a corresponding decrease (increase) of approximately $132,000 (September 30, 2019- $129,000) in the total fair value of the investments. The Company has applied a marketability discount of 0% to its non-public investments valued based on recent financing. Had the Company applied a marketability discount of 5% it would have resulted in a corresponding decrease (increase) of approximately $66,000 (September 30, 2019 - $65,000) in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

## OTHER INFORMATION

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### Going concern

These unaudited 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. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments may be required to the carrying value of assets and liabilities and the statement of financial position classifications used.

The Company had a loss of $94,337 for three months ended December 31, 2019 (December 31, 2018 - $227,251), a deficit as at December 31, 2019 of $15,497,320 (September 30, 2019 - $15,402,983) and a net working capital deficiency of $3,213,502 as at December 31, 2019 (September 30, 2019 – $3,098,384). However, included in the net working capital is $2,767,444 as at December 31, 2019 (September 30, 2019 - $2,597,664) due to directors and 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's revenue is beginning to ramp up but at a relatively low level. However, these conditions indicate the existence of material uncertainties that casts significant doubt about the Company's ability to continue as a going concern. 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 presentation.

## OUTSTANDING SHARE DATA

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

| | FNQ |
|---|---:|
| **Common Shares** | 760,013,064 |
| **Stock Options** | 66,350,000 |
| **Warrants** | 608,151,852 |

## SUBSEQUENT EVENTS

None