TRACKLOOP ANALYTICS CORP.
(formerly BLACKCHAIN SOLUTIONS INC.)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of Trackloop Analytics Corp. (formerly Blackchain Solutions Inc.)

We have audited the accompanying financial statements of Trackloop Analytics Corp. (formerly Blackchain Solutions Inc.), which comprise the statements of financial position as at August 31, 2018 and August 31, 2017, and the statements of loss and comprehensive loss, changes in shareholders' (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Trackloop Analytics Corp. (formerly Blackchain Solutions Inc.) as at August 31, 2018 and August 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Trackloop Analytics Corp. (formerly Blackchain Solutions Inc.) to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
December 27, 2018

TRACKLOOP ANALYTICS CORP
(formerly BLACKCHAIN SOLUTIONS INC.)
Statements of Financial Position
August 31, 2018 and 2017
(Expressed in Canadian Dollars)

	August 31, 2018	August 31, 2017
	$	$
Assets		
Current		
Cash	810,124	6,369
GST receivable	72,886	47,914
Prepaid expenses and deposit	38,547	2,310
	921,557	56,593
Equipment	1,100	1,570
Total Assets	**922,657**	**58,163**
Liabilities		
Current		
Accounts payables and accrued liabilities	492,203	161,683
Due to related parties (Note 5)	6,000	248,652
Loans payable (Note 6)	20,000	-
	518,203	410,335
Shareholders' equity (deficit)		
Share capital (Note 7)	5,709,844	3,604,576
Subscription receivable (Note 7)	(37,500)	-
Contributed surplus	717,800	649,000
Deficit	(5,985,690)	(4,605,748)
	404,454	(352,172)
Total Liabilities and Shareholders' equity (deficit)	**922,657**	**58,163**

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 13)

APPROVED ON BEHALF OF THE BOARD:

"Geoff Balderson" Director *"Zayn Kaylan "* Director

See Accompanying Notes to the Financial Statements

TRACKLOOP ANALYTICS CORP
(formerly BLACKCHAIN SOLUTIONS INC.)
Statements of Loss and Comprehensive Loss
For the years ended August 31, 2018 and 2017
(Expressed in Canadian Dollars)

	For the years ended August 31, 2018	2017
	$	$
EXPENSES		
Advertising and investor relations (Note 5)	73,894	80,450
Amortization (Note 11)	-	96,291
Bank charges and interest	1,997	2,877
Consulting fees (Note 5)	811,576	331,977
Depreciation	470	673
Impairment of intangible assets (Note 11)	-	296,899
Listing and filing	41,944	31,524
Management fees (Note 5)	45,000	120,000
Office and miscellaneous	17,470	23,920
Professional fees	73,374	45,894
Promotion and travel	18,121	57,689
Rent	13,096	3,080
Salaries and wages	-	72,000
Share based compensation (Notes 5 and 7)	-	91,200
Terminated project costs (Note 12)	100,000	-
	1,196,942	1,254,474
Loss before other items:	(1,196,942)	(1,254,474)
OTHER ITEMS:		
Write-off of accounts payables	-	26,843
Gain (Loss) on settlement of debt (Notes 5 and 13)	(183,000)	100,650
	(183,000)	127,493
Net loss and comprehensive loss for the year	(1,379,942)	(1,126,981)
Basic and diluted loss per share	(0.04)	(0.05)
Weighted average number of common shares outstanding – basic and diluted	34,737,504	23,129,243

See Accompanying Notes to the Financial Statements

TRACKLOOP ANALYTICS CORP
(formerly BLACKCHAIN SOLUTIONS INC.)
Statements of Cash Flows
For the years ended August 31, 2018 and 2017
(Expressed in Canadian Dollars)

	For the years ended August 31, 2018	2017
	$	**$**
Cash flows used in operating activities		
Net loss for the year	(1,379,942)	(1,126,981)
Amounts not affecting cash		
Amortization of intangible assets and depreciation	470	96,964
Impairment of intangible assets	-	296,899
Share based compensation	-	91,200
Shares issued for services	-	65,000
Write-off of accounts payable	-	(26,843)
(Gain) Loss on settlement of debt	183,000	(100,650)
	(1,196,472)	(704,411)
Changes in non-cash working capital items		
Accounts receivable	-	90,254
GST receivable	(24,972)	556
Prepaid expenses and deposits	(36,237)	-
Accounts payable and accrued liabilities	147,520	72,175
	(1,110,161)	(541,426)
Cash flows from financing activities		
Loans payable	20,000	-
Advances (repayments) from (to) related parties	(242,652)	85,410
Cash received from share issuance	2,227,810	488,000
Share issue cost	(91,242)	(33,800)
	1,913,916	539,610
Net change in cash	803,755	(1,816)
Cash, beginning of year	6,369	8,185
Cash, end of year	810,124	6,369
Supplemental cash flow information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Non-cash transactions		
Common shares issued for services and on settlement of debt	-	467,600

See Accompanying Notes to the Financial Statements

TRACKLOOP ANALYTICS CORP
Statements of Changes in Shareholders' Equity (Deficit)
For the years ended August 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Share Subscription Receivable	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficit)
	#	$	$	$	$	$
Balance at August 31, 2016	21,220,216	2,745,076	-	495,500	(3,478,767)	(238,191)
Cash						
Shares issued on private placement	700,000	140,000	-	-	-	140,000
Share issue cost	-	(1,000)	-	-	-	(1,000)
Shares issued on private placement	1,715,000	308,700	-	34,300	-	343,000
Share issue cost	-	(32,800)	-	-	-	(32,800)
Share issued on private placement	350,000	42,000		28,000		70,000
Share issuance on settlement of debt	2,516,250	402,600	-	-	-	402,600
Share based compensation	-	-	-	91,200	-	91,200
Net loss and comprehensive loss for the year	-	-	-	-	(1,126,981)	(1,126,981)
Balance at August 31, 2017	26,501,466	3,604,576	-	649,000	(4,605,748)	(352,172)
Cash						
Shares issued on private placement	12,500,000	1,875,000	(37,500)	-	-	1,837,500
Share issue cost	-	(79,397)	-	-	-	(79,397)
Shares issued on private placement	1,501,192	390,310	-	-	-	390,310
Share issue cost	-	(11,845)	-	-	-	(11,845)
Agents' warrants	-	(63,600)	-	63,600	-	-
Agents' warrants	-	(5,200)	-	5,200	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(1,379,942)	(1,379,942)
Balance at August 31, 2018	**40,502,658**	**5,709,844**	**(37,500)**	**717,800**	**(5,985,690)**	**404,454**

See Accompanying Notes to the Financial Statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Blackchain Solutions Inc. (the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on July 10, 2007. On September 21, 2018, the Company changed its name to Trackloop Analytics Corp. The Company was a software sales and consulting company engaged in the business of providing software solutions and consulting services to financial institutions to meet their regulatory obligations. Subsequent to the year end the Company acquired Chaintrack Technologies Inc. (See Note 13). The head office, address and records office of the Company are located at Suite 1000 – 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

On September 25, 2018, the Company completed a share consolidation on the basis of 2 old shares for 1 new share. These share consolidations have been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the share consolidations.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At August 31, 2018, the Company has not achieved profitable operations, has accumulated losses of $5,985,690 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds, and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION

<u>Statement of Compliance</u>

These financial statements have been prepared in accordance the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Financial statements are presented in Canadian dollars which is also its functional currency.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 27, 2018.

2. BASIS OF PRESENTATION (Continued)

Basis of Measurement

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for use of estimates and judgements made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

Intangible assets and research and development costs

The Company was engaged in research and development activities and had internally generated intangible assets. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Research costs are expensed as incurred. Development costs are capitalized if all of the following can be demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Ability to measure reliably the expenditures attributable to the intangible asset during its development.

Amortization is recognized on a straight-line basis over the estimated useful lives of 5 years.

Equipment

Equipment is stated at cost, which includes the acquisition price and any direct costs to bring the asset into productive use, less accumulated depreciation. The declining balance method is used to depreciate the cost, net of any estimated residual value, over the estimated useful lives of the assets as follows:

Office equipment	20%
Computer software	30%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets, loans and receivables, or held-to-maturity.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date.

Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered significant and prolonged.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company has classified cash as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments – (Continued)

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivable is reduced through the use of an allowance. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include accounts payables and accrued liabilities, due to related parties, and loans payable, which are classified as other financial liabilities.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. There were no potentially dilutive common shares related to warrants and options outstanding at August 31, 2018. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to contributed surplus. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in contributed surplus, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Payments (Continued)

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. Amounts reflected in contributed surplus for stock options which expire unexercised remain in contributed surplus.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in contributed surplus for share options which expire unexercised remain in contributed surplus.

Accounting Standards and Amendments Issued But Not Yet Effective

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Classification and measurement of financial assets:

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards and Amendments Issued But Not Yet Effective (Continued)

IFRS 9 Financial Instruments (Continued)

Classification and measurement of financial liabilities:

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

Impairment of financial assets:

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

Hedge accounting:

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This standard is effective for the Company's annual period beginning September 1, 2018. The Company anticipates that there will be no material changes to the financial statements other than additional disclosures in the notes to the financial statement.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for the Company's annual period beginning September 1, 2018.

The Company anticipates that there will be no material changes to the financial statements with the adoption of this new policy.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards and Amendments Issued But Not Yet Effective (Continued)

IFRS 16 Leases

IFRS 16 *Leases* replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15. The Company is currently evaluating the potential impacts of this standard.

4. USE OF ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 1.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

Income taxes (Continued)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Key sources of estimation uncertainty:

There were no key assumptions concerning the future and other key sources of estimation uncertainty that may have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5. RELATED PARTY TRANSACTIONS AND BALANCES

Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Years ended August 31,	
	2018	**2017**
	$	$
Management fees		
Former CEO and a company controlled by her	45,000	120,000
Investor relations, rents and consulting fees		
Former director	-	65,000
Current directors	16,500	48,000
CFO and Chief Technology Officer ("CTO")	138,000	72,000
Former CEO	-	12,000
CEO and a company controlled by him	43,000	-
Share based compensation		
CEO	-	9,120
CFO and CTO	-	9,120
Former director	-	27,360
Current directors	-	18,240
	242,500	380,840

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	August 31, 2018	August 31, 2017
	$	$
Balances		
Due to (from) related parties		
Former CEO and a company controlled by her	-	188,302
CFO and CTO	-	36,350
Current directors	6,000	24,000
	6,000	248,652

Balances are unsecured, non-interest bearing and are payable on demand. During the year ended August 31, 2017, the Company issued 2,516,250 common shares in settlement of debt of $503,250, of which 2,111,250 common shares were issued to related parties in settlement of debt of $422,250. There was no debt settlement with related parties during the year ended August 31, 2018.

In addition, during the year ended August 31, 2017, the Company entered into consulting agreements with the former CEO, CTO and Vice President, Sales and Marketing for aggregate compensation of $362,000 per annum. As at August 31, 2018, the total remaining commitments under these agreements were nil (2017 - $314,395).

6. LOANS PAYABLE

During the year ended August 31, 2018, the Company received an aggregate of $20,000 from two arm's length lenders. These loans are unsecured, non-interest bearing, and payable on demand.

7. SHARE CAPITAL

a) Authorized:

An unlimited number of common shares without par value.
An unlimited number of preferred shares without par value.

On December 21, 2017, the Company completed a share consolidation on the basis of 2 old shares for 1 new share.

On September 25, 2018, the Company completed another share consolidation on the basis of 2 old shares for 1 new share. These share consolidations have been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the share consolidations.

7. SHARE CAPITAL (Continued)

b) Shares Issued:

For the year ended August 31, 2018:

On January 18, 2018, the Company completed a private placement of 12,500,000 units at a price of \$0.15 per unit for gross proceeds of \$1,875,000. Each Unit was comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for three years from closing of the private placement. A finders' fee of \$79,397 cash and 529,316 warrants were issued. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of three years, expiring January 17, 2021. The finders' warrants were fair valued at \$63,600 using the Black-Scholes model based on the following assumptions: share price on issuance date - \$0.15; risk free rate – 1.94%; expected dividend – nil; expected life – 3 years; expected volatility – 144%. As at August 31, 2018, \$37,500 are included in subscription receivable. Subsequent to August 31, 2018, these shares have been returned to treasury.

On April 24, 2018, the Company issued 1,501,192 units at a price of \$0.26 per unit for gross proceeds of \$390,310. Each unit was composed of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.34 per share for a period of two years from closing of the private placement. The Company paid a finder's fee of \$11,845 in cash and issued 43,560 finder's warrants with similar terms to the above noted warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of \$0.34 per share for a period of two years, expiring April 23, 2020. The finders' warrants were fair valued at \$5,200 using the Black-Scholes model based on the following assumptions: share price on issuance date - \$0.26; risk free rate – 1.93%; expected dividend – nil; expected life – 2 years; expected volatility – 156%.

For the year ended August 31, 2017:

On November 8, 2016, the Company completed a private placement by issuing 700,000 units at \$0.20 per unit for gross proceeds of \$140,000 comprising of \$90,000 cash and \$50,000 in consideration of services provided by a related party. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share at a price of \$0.40 cents per common share for a period of two years from the closing date. A finder's fee of \$1,000 was paid in connection with the private placement.

On December 15, 2016, the Company completed a private placement by issuing 1,715,000 units at \$0.20 per unit for gross proceeds of \$343,000 comprising of \$328,000 cash and \$15,000 in consideration of services provided by an independent party. Each unit consisted of one common share of the Company and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional share at a price of \$0.40 per common share for a period of two years. Based on the market price of the common shares on the date of announcement, the Company allocated \$34,300 to the fair value of the warrants. A finder's fee of \$32,800 was paid in connection with the private placement.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

b) Shares Issued (Continued):

For the year ended August 31, 2017 (Continued):

On August 10, 2017, the Company completed a non-brokered private placement of 350,000 units at $0.20 per unit for gross proceeds of $70,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable to acquire an additional common share at $0.40 per common share until August 10, 2019. Based on the market price of the common shares on the date of announcement, the Company allocated $28,000 to the fair value of the warrants.

On August 17, 2017, the Company settled outstanding debts totaling $484,000 by the issuance of 2,420,000 common shares in its capital at a price of $0.16 per share. The Company recorded a gain on settlement of debt of $96,800. In addition, the Company settled outstanding debts totaling $19,250 by the issuance of 96,250 common shares in its capital at a price of $0.16 per share. The Company recorded a gain on settlement of debt of $3,850.

c) Stock Options

The Company grants incentive stock options as permitted by the Company's Stock Option Plan ("the Plan") approved by the shareholders of the Company. The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of ten years. If the optionee ceases to be qualified to receive options from the Company those options expire immediately. All options vest when granted unless otherwise specified by the Board of Directors.

There were no stock options granted during the year ended August 31, 2018.

During the year ended August 31, 2017, the Company granted 500,000 options exercisable at $0.20 per common share for a period of ten years and recognized share-based compensation of $91,200. The fair value of the options were determined using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following assumptions were used for the calculation:

Market price of shares	$0.20
Risk free interest rate	0.47%
Expected life (in years)	2
Expected volatility	165%
Expected dividend yield	0%

Expected volatility is estimated based on realized historical volatility of the Company’s share prices.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

c) Stock Options (Continued)

	Number	Weighted average life remaining (years)	Weighted average exercise price
			$
Balance, August 31, 2016	1,175,000	8.61	0.40
Granted	500,000		0.20
Forfeited/cancelled	(237,500)		0.38
Balance, August 31, 2017	1,437,500	5.49	0.34
Forfeited	(1,137,500)		0.34
Balance, August 31, 2018	300,000	3.04	0.30

The following table summarizes the stock options outstanding and exercisable as at August 31, 2018.

Expiry Date	Exercise Price	Number of Shares
April 10, 2025	$0.40	150,000
November 8, 2018	$0.20	150,000
Total		300,000

On November 8, 2018, 150,000 stock options expired unexercised.

d) Warrants

Information regarding the Company’s outstanding share purchase warrants is summarized below:

	Number	Weighted average exercise price
		$
Balance, August 31, 2016	2,512,625	0.50
Issued	1,382,500	0.40
Expired	(1,075,000)	0.60
Balance, August 31, 2017	2,820,125	0.40
Issued	14,001,192	0.22
Expired	(1,437,625)	0.40
Balance, August 31, 2018	15,383,692	0.23

As at August 31, 2018, the share purchase warrants have a weighted average contractual life of 2.13 years.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

d) Warrants (Continued)

The following table summarizes the share purchase warrants outstanding and exercisable as at August 31, 2018:

Expiry date	Exercise price	Remaining contractual life (years)	Warrants Outstanding
November 8, 2018	$0.40	0.19	350,000
December 15, 2018	$0.40	0.29	857,500
August 10, 2019	$0.40	0.94	175,000
April 23, 2020	$0.34	1.65	1,501,192
January 17, 2021	$0.20	2.38	12,500,000

On November 8, 2018, 350,000 share purchase warrants expired unexercised.
On December 15, 2018, 857,500 share purchase warrants expired unexercised.

e) Agent's Warrants

Information regarding the Company's outstanding Agent's warrants is summarized below:

	Number	**Weighted average exercise price**
		$
Balance, August 31, 2016 and 2017	-	-
Issued	572,876	0.21
Balance, August 31, 2018	572,876	0.21

The following table summarizes the Agent's warrants outstanding and exercisable as at August 31, 2018:

Expiry date	Exercise price	Agents' Warrants Outstanding
January 17, 2021	$0.20	529,316
April 23, 2020	$0.34	43,560

As at August 31, 2018, the Agents' warrants have a weighted average contractual life of 2.33 years.

8. FINANCIAL INSTRUMENTS AND RISK

Fair values

The Company's financial instruments include cash, due to related parties, accounts payable and loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market date.

As at August 31, 2018 and 2017, the Company does not recognize any financial assets or liabilities at their fair value.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk, the Company places cash with financial institutions. The carrying value of cash is the Company's maximum exposure to credit risk as at August 31, 2018.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. As at August 31, 2018 the Company had a working capital of $403,354. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long term cash requirement.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

9. CAPITAL MANAGEMENT

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. There were no changes to the Company's approach to capital management during the years ended August 31, 2018 and 2017.

(Expressed in Canadian Dollars)

10. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

		August 31, 2018		August 31, 2017
Loss before tax	$	(1,379,942)	$	(1,126,981)
Income tax recovery at local statutory rates – 27% (2017 – 26.00%)	$	(368,000)	$	(293,000)
Permanent differences		-		23,700
Change in tax rate		(42,000)		-
Change in unrecognized tax benefits not recognized		410,000		269,300
	$	-	$	-

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

		August 31, 2018		August 31, 2017
Non-capital losses	$	1,367,000	$	945,000
Undeducted financing costs		31,000		18,000
Equipment		1,000		1,000
Unrecognized deferred tax assets		(1,399,000)		(964,000)
	$	-	$	-

As at August 31, 2018, the Company has non-capital loss carry-forwards of approximately $5,063,000 available for offset against future taxable income, if not utilized, will start to expire in 2026. Deferred tax assets have not been recognized in respect of these items because there is no objective evidence that it is probable that the Company will generate sufficient taxable income to utilize tax losses and other deductible items.

Should the Company demonstrate an ability to earn sufficient taxable income in the future, some deferred tax benefit may be recognized.

In assessing the likelihood of realization of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income the carry forward period.

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSETS

The Company's intangible asset carrying balance is as follows:

	$
Cost	
Balance, August 31, 2016	481,457
Impairment	(481,457)
Balance, August 31, 2017 and 2018	-
Accumulated amortization	
Balance, August 31, 2016	88,267
Additions	96,291
Impairment	(184,558)
Balance, August 31, 2017 and 2018	-
Net book value	
Balance, August 31, 2017 and 2018	-

At August 31, 2016, the Company's intangible assets consist of intellectual property associated with the Company's ERATM (Enterprise Risk Aggregation) software solution, an enterprise wide Risk Management application solution for financial institutions and GCDTM (Governance & Compliance Database), an application that allows financial institutions to assess adherence to Minimum Regulatory Requirements or to requirements specific to the financial institution.

At August 31, 2017 the Company determined that an indicator of asset impairment existed, namely the significant decline in sales in the Company's software solution to the banking industry in Southeast Asia. As a result of the delay in the implementation of Basel requirements, significant market uncertainty still exists. This uncertainty impacts the earnings potential of the Company's cash generating unit; therefore, an asset impairment test was performed at August 31, 2017.

Upon completion of the asset impairment testing, the Company concluded that the intangible assets are impaired and an impairment of $296,899 was recognized as a result of the reduction in the anticipated recoverable amount of the capitalized carrying value of the intangible assets.

12. TERMINATED PROJECT COSTS

In July 2018, the Company entered into a software development and license agreement with Limitless Blockchain Technology, LLC ("Limitless") pursuant to which Limitless would develop a digital asset exchange technology and the Company would license this technology. As consideration for the development and use of the license the Company will make an aggregate payment of $300,000.

During the year ended August 31, 2018, management of the Company decided not to proceed with this agreement and provided a notice of termination as permitted in the agreement. Limitless agreed to accept $100,000 as consideration for the work performed to date and the Company has recognized this amount in the statement of loss.

13. SUBSEQUENT EVENTS

On September 26, 2018, the Company completed a share exchange agreement with Chaintrack Technologies Inc., ("Chaintrack") a private company incorporated under the laws of British Columbia, pursuant to which the Company will acquire all of the issued and outstanding shares of Chaintrack. Chaintrack is a company providing Internet of-Things powered supply chain tracking solutions for the food and pharmaceutical industries. The Company issued 16,500,000 common shares in exchange for 100% of the issued and outstanding shares of Chaintrack. Chaintrack became a wholly-owned subsidiary of the Company. The Company paid a finder's fee in the aggregate amount of 1,200,000 units, with each unit comprising one common share and one common share purchase warrant exercisable at a price of $0.20 per share for a period of two years to a group of finders upon the closing of the transaction which are subject to a four-month hold period.

In connection with the completion of the above transaction, the Company must transfer to Chaintrack the following funds to be utilized by Chaintrack exclusively for research and development: (i) $125,000 within 5 days of closing (advanced); (ii) $50,000 within 60 days of closing (advanced); (iii) $75,000 within 7 months from closing. The Company must, on a best efforts basis, raise a minimum of $500,000 within 4 months of closing and transfer to Chaintrack an additional $150,000 within 8 months of closing.

On September 26, 2018, the company granted stock options to officers, directors, employees and consultants to purchase up to 3,050,000 common shares of the company at a price of $0.07 per share, exercisable for a period of two years.

On October 23, 2018, the Company entered into a settlement agreement with a former consultant and agreed to pay an aggregate of $250,000 over five months ($125,000 paid) for unpaid consulting fees and damages. This amount has been accrued in accounts payable and accrued liabilities as at August 31, 2018. The portion of the settlement amount not related to consulting fees is recognized in loss of settlement of debt in the statements of loss.

On November 13, 2018, the Company completed a non-brokered private placement of 6,200,000 units at a price of $0.10 per unit for gross proceeds of $620,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable at a price of $0.15 per share for a term of two years. The Company paid a cash finders' fee of $15,600 and issued 156,000 agent's warrants exercisable at a price of $0.15 until November 13, 2020.