

# **LOOPShare Ltd. (formerly Kenna Resources Corp.)**

## **Condensed Consolidated Interim Financial Statements**

Unaudited

For the Nine Months Ended September 30, 2016 and 2015

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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**LOOPShare Ltd. (formerly Kenna Resources Corp.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED**

As at September 30, 2016 and December 31, 2015  
(Expressed in Canadian Dollars)

	September 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash	\$ 283,297	\$ 20,501
Investments	2,000	2,000
Accounts receivable, note 6	72,064	129,331
Prepaid expenses, note 7	360,504	94,185
Loan receivable	-	9,688
Inventory	319,505	208,574
<b>Total current assets</b>	<b>1,037,370</b>	<b>464,279</b>
Long term assets:		
Property and equipment, net, note 8	152,331	138,507
<b>Net long-term assets</b>	<b>152,331</b>	<b>138,507</b>
<b>Total Assets</b>	<b>\$ 1,189,701</b>	<b>\$ 602,786</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 177,207	\$ 246,702
Accrued compensation, note 11	90,158	180,252
Bridge loans, note 13	10,880	110,880
Bridge loans from related parties, note 13	52,000	150,000
Deferred revenue	172,770	-
Due to related parties, note 12	74,126	60,131
Promissory note, note 13	-	276,800
Short term convertible debentures, note 13	-	456,857
<b>Total current liabilities</b>	<b>577,141</b>	<b>1,481,622</b>
<b>Total Liabilities</b>	<b>\$ 577,141</b>	<b>\$ 1,481,622</b>
<b>Shareholders' Equity (Deficiency)</b>		
Class A common share capital, note 12, 14	6,577,085	2,309,147
Obligation to issue class A common shares, note 9, 14	37,500	149,025
Preferred shares	-	60,480
Contributed surplus and other reserves	248,421	347,068
Issuance of convertible debentures	-	19,582
Deficit	(6,250,446)	(3,764,138)
<b>Total Equity (Deficiency)</b>	<b>612,560</b>	<b>(878,836)</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 1,189,701</b>	<b>\$ 602,786</b>

Approved by the directors:

“ANWAR SUKKARIE”

”JULIET JONES”

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

**LOOPShare Ltd. (formerly Kenna Resources Corp.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**UNAUDITED**

For The Three and Nine Months Ended September 30, 2016 and 2015  
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Revenue, note 15</b>	\$ 86,195	\$ 113,046	\$ 568,753	\$ 155,910
<b>Cost of Sales</b>	63,332	62,997	116,495	85,911
<b>Gross Margin</b>	22,863	50,049	452,258	69,999
<b>Expenses</b>				
Operating expenses:				
Amortization	1,965	2,923	6,399	7,049
General and administrative, note 16	249,049	87,203	532,239	243,134
Interest expense and debt premium, note 13	23	12,233	58,082	36,698
Research and development, note 16	135,833	64,104	376,846	144,769
Refundable tax credit	-	-	(33,158)	-
Sales and marketing, note 16	24,019	24,779	66,155	97,898
Share-based compensation	124,660	86,554	287,224	176,732
Total expenses	535,549	277,796	1,293,787	706,280
Net loss before other items	(512,686)	(227,747)	(841,529)	(636,281)
Other items				
Currency exchange gain (loss)	(690)	255	10,754	739
Gain on settlement of debt	-	-	97,779	-
Loss on asset disposal	(9,698)	-	(9,698)	-
Listing expense	103,837	-	(1,743,614)	-
<b>Net Loss and Comprehensive Loss</b>	<b>(419,237)</b>	<b>(227,492)</b>	<b>(2,486,308)</b>	<b>(635,542)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.09)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares</b>	<b>31,556,553</b>	<b>19,630,166</b>	<b>27,925,548</b>	<b>18,854,898</b>

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

**LOOPShare Ltd. (formerly Kenna Resources Corp.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**UNAUDITED**  
For the Nine Months Ended September 30, 2016 and 2015  
(Expressed in Canadian Dollars)

	Share capital				Equity Component of Convertible Loan (\$)	Reserves				
	Class A Common Shares	Amount (\$)	Preferred Shares	Amount (\$)		Stock Options (\$)	Warrants (\$)	Shares to be Issued (\$)	Deficit (\$)	Total (\$)
<b>Balance, December 31, 2014</b>	17,709,005	1,993,921	135,072	60,480	19,582	38,562	46,394	-	(2,934,116)	(775,177)
Class A common shares issued for proceeds	1,334,138	318,600	-	-	-	-	-	-	-	318,600
Class A common share-based compensation	513,682	122,670	-	-	-	2,923	7,488	-	-	133,081
Warrants	-	(95,143)	-	-	-	-	-	-	-	(95,143)
Settlement of debt	209,375	50,000	-	-	-	-	-	-	-	50,000
Obligation to issue common shares	-	-	-	-	-	-	-	55,650	-	55,650
Issued for acquisition of license	214,899	83,144	-	-	-	-	-	-	-	83,144
Net loss for the nine months ended	-	-	-	-	-	-	-	-	(635,542)	(635,542)
<b>Balance, September 30, 2015</b>	<b>19,981,099</b>	<b>2,473,192</b>	<b>135,072</b>	<b>60,480</b>	<b>19,582</b>	<b>41,485</b>	<b>53,882</b>	<b>55,650</b>	<b>(3,569,658)</b>	<b>(865,387)</b>
<b>Balance, December 31, 2015</b>	<b>19,981,098</b>	<b>2,309,147</b>	<b>135,072</b>	<b>60,480</b>	<b>19,582</b>	<b>41,485</b>	<b>305,583</b>	<b>149,025</b>	<b>(3,764,138)</b>	<b>(878,836)</b>
Share-based compensation	680,047	137,025	-	-	-	94,026	-	(137,025)	-	94,026
Issued for services	3,527,399	720,430	-	-	-	-	-	(12,000)	-	708,430
Issuance of convertible debentures	-	-	-	-	7,137	-	-	-	-	7,137
Conversion of convertible debentures	3,399,972	536,720	-	-	(26,719)	-	-	-	-	510,001
Redemption of preferred shares	-	-	(135,072)	(60,480)	-	-	-	-	-	(60,480)
Shares issued for cash	6,875,000	1,296,079	-	-	-	-	26,696	-	-	1,322,775
Performance shares issued	375,000	75,000	-	-	-	-	-	-	-	75,000
Performance shares to be issued (note 11)	-	-	-	-	-	-	-	37,500	-	37,500
Exercise of warrants	1,334,138	378,961	-	-	-	-	(305,583)	-	-	73,378
Reverse acquisition (note 10)	5,618,602	1,123,723	-	-	-	-	219,556	-	-	1,343,279
Revaluation of warrants	-	-	-	-	-	-	(133,342)	-	-	(133,342)
Net loss for the nine months ended	-	-	-	-	-	-	-	-	(2,486,308)	(2,486,308)
<b>Balance, September 30, 2016</b>	<b>41,791,256</b>	<b>6,577,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,511</b>	<b>112,910</b>	<b>37,500</b>	<b>(6,250,446)</b>	<b>612,560</b>

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

**LOOPShare Ltd. (formerly Kenna Resources Corp.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**UNAUDITED**

For the Nine Months Ended September 30, 2016 and 2015  
(Expressed in Canadian Dollars)

	<b>Nine months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
<b><i>Operating activities:</i></b>		
Net loss for the period	(2,486,308)	(635,542)
Items not involving cash:		
Accretion interest	58,082	36,698
Amortization	6,399	7,049
Share-based payments	206,526	176,732
Shares issued for services	708,430	-
Listing expense	1,209,937	-
Gain on conversion of convertible loans	(97,801)	-
Changes in non-cash working capital items related to operations:		
Accounts receivable	(23,832)	(27,989)
Prepaid expenses	(266,319)	25,521
Tax credits receivable	81,099	-
Accounts payable and accruals	(145,594)	94,061
Deferred revenue	172,770	-
Inventory	(110,931)	(102,493)
Cash used for operating activities	(687,542)	(425,963)
<b><i>Investing activities:</i></b>		
Purchase of license and equipment	(20,223)	(29,186)
Cash used for investing activities	(20,223)	(29,186)
<b><i>Financing activities:</i></b>		
Repayment of short-term loan	(365,112)	-
Issuance of class A common shares, net	1,322,775	318,600
Issuance of promissory note	-	260,040
Exercise of warrants	73,378	-
Redemption of preferred shares	(60,480)	-
Cash from financing activities	970,561	578,640
Net increase in cash	262,796	123,491
Cash, beginning of the period	20,501	50,091
<b>Cash, end of the period</b>	<b>283,297</b>	<b>173,582</b>

Non-Cash Transactions (Note 18)

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

# **LOOPShare Ltd. (formerly Kenna Resources Corp.)**

## **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2016

(Unaudited) (Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS**

LOOPShare Ltd. (formerly Kenna Resources Corp., the “Company” or “LOOPShare”) was incorporated under the provisions of The Business Corporations Act (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under The Business Corporations Act (British Columbia). The Company is in the business of mineral exploration. The Company’s head office, principal address and the registered and records office are located at 110 – 131 Water Street, Vancouver, BC V6B 4M3.

During the nine months ended September 30, 2016, the Company acquired all of the outstanding securities of Saturna Green Systems Inc. (“Saturna”) in exchange for the issuance of securities of the Company (the “Transaction”). The Company, with Saturna as its wholly owned subsidiary, will now pursue the business of Saturna as described in the Company’s filing statement dated May 29, 2016 and available under the Company’s profile on [www.sedar.com](http://www.sedar.com).

Saturna develops and deploys connected end-to-end Telematics-based solutions for inner-city transportation vehicles, specifically geared toward Transportation as a Service (“TaaS”). Saturna specializes in the connected vehicle industry with a focus on two wheel electric vehicles. Saturna has developed a ruggedized 7” touch screen dashboard for factory installation.

In conjunction with the closing of the Transaction, the Company has changed its name to “LOOPShare Ltd.” and consolidated its outstanding class A shares on the basis of 1.469565217 old shares for each one new share (on a post-consolidation basis, the “Shares”). All of the Company’s other outstanding securities were adjusted on the same basis prior to completion of the Transaction.

Effective at the opening, Friday, July 8, 2016, the Company’s common shares commenced trading under the name LOOPShare Ltd. The Company is classified as a technology company. Effective at the opening on November 10, 2016, the Company’s trading symbol changed from LUP to LOOP.

### **2. STATEMENT OF COMPLIANCE**

#### **Basis of Preparation**

These condensed consolidated interim financial statements were prepared using International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting and have been prepared following the same accounting policies as the annual financial statements for the year ended December 31, 2015, but do not include all of the information required for annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of Saturna for the year ended December 31, 2015, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, meaning that it will continue in operation in foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company does not yet earned revenues and has no source of capital beyond capital raised. If the Company is unable to raise sufficient capital required, it will likely be unable to continue operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and

**2. STATEMENT OF COMPLIANCE (continued)**

**Basis of Preparation (continued)**

classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

As at September 30, 2016 the Company had a net working capital of \$460,229 (December 31, 2015 - working capital deficiency of \$1,017,343) and a cumulative deficit of \$6,250,446 (December 31, 2015 - \$3,764,138).

**Basis of Consolidation**

The Company's consolidated financial statements include the accounts of the Company, Saturna and LOOP Japan KK, its wholly owned subsidiary. Subsidiary is an entity (including special purpose entities) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The financial statements are consolidated from the date on which control is obtained by the Company, and are de-consolidated from the date that control ceases.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recoverability and measurement of deferred tax assets and liabilities, inventory valuation and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

**(a) Revenue Recognition**

Sales revenues are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company recognizes revenue from customer orders upon shipment of the order.

Installation revenues are recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Revenues from extended warranty sales are recognized on a straight-line monthly basis over the term of the extended warranty.

**(b) Inventories**

Inventories are stated at lower of production cost and net realizable value. Cost for all inventory is determined using the weighted average method which, for work in process and finished goods, includes the



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Inventories (continued)**

cost of material, direct labour and applicable manufacturing overhead. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Materials and supplies inventory consists of consumable parts and supplies which are valued at lower of weighted average cost and net realizable value. Supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Net realizable value is defined as the selling price of the finished product less any provisions for obsolescence and costs of completion.

**(c) Scientific Research and Experimental Development Tax Credits**

The Company engages in research and development activities. Research costs are expensed as incurred. Product development costs are expensed in the period incurred unless the costs meet the criteria for deferral and amortization.

The Company is eligible to receive tax credits from its eligible scientific research and experimental development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable and their receipt is reasonably assured. As at September 30, 2016, the Company has estimated tax credits receivable of \$NIL (\$81,099 as at December 31, 2015).

**(d) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is calculated using the straight line method.

**(e) Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Share-Based Payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed in profit or loss. The corresponding amount is recorded to other capital reserves. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

**(g) Warrants**

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a Black-Scholes Option Pricing Model.

**(h) Provision**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The expense relating to any provision is presented in profit or loss net of any reimbursement. Provisions are discounted using a current risk-free pre-tax rate that reflects where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**(i) Current and Deferred Income Taxes**

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the consolidated financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Current and Deferred Income Taxes (continued)**

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

**(j) Foreign Currencies**

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

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

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**(k) Earnings or Loss per Share**

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated using the treasury share method whereby all "in the money" options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

**(l) Financial Assets**

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at FVTPL*

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Financial Assets (continued)**

*Financial assets at FVTPL (continued)*

designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred.

*Held-to-maturity and loans and receivables*

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Trade and other receivables are classified as loans and receivables.

*Available-for-sale*

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge.

The Company does not hold or have any exposure to derivative instruments.

**(m) Financial Liabilities**

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

*Financial liabilities at FVTPL*

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

*Financial liabilities measured at amortized cost*

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Financial Liabilities (continued)**

*Financial liabilities measured at amortized cost (continued)*

interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables, bank indebtedness and loans payable are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge.

The Company does not hold or have any exposure to derivative instruments.

**(n) Impairment of Financial Assets**

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost. If there is evidence that the amortized cost of an asset is greater than the present value of the asset's future cash flows discounted at the asset's original effective interest rate, the Company records an impairment loss equal to the excess.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

*Available-for-sale*

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

**(o) Derecognition of Financial Assets and Liabilities**

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(p) Impairment of Non-Current Financial Assets**

The carrying amounts of non-current non-financial assets are reviewed and evaluated for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. Non-current non-financial assets include property, plant, and equipment. If the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to recoverable value.

The recoverable amount is the higher of an asset's "fair value less costs to sell" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined, with a cash-generating unit being the smallest identifiable group of assets and liabilities that generate cash inflows independent from other assets. "Fair value less costs to sell" is determined as the amount that would be obtained from the sale of the asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties. In assessing "value-in-use", the future cash flows expected to arise from the continuing use of the asset or cash-generating unit in its present form are estimated using assumptions that an independent market participant would consider appropriate, and are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or unit.

Where conditions that gave rise to a recognized impairment loss are subsequently reversed, the amount of such reversal is recognized into earnings immediately, though is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in the prior period.

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

#### **(a) Allowances for Doubtful Accounts**

The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

#### **(b) Inventory Valuation**

The Company adjusts inventory values so that the carrying values do not exceed the net realizable value. The valuation of inventory at the lower of cost or net realizable value requires the use of estimates with regards to the amount of current inventory that will be sold, the prices at which it will be sold, and an estimate of expected orders from customers. Additionally, the estimates reflect changes in products or changes in demand because of various factors, including the market for products, obsolescence, change in product offerings, technology changes and competition.

#### **(c) Determination of Functional Currency**

The functional currency of each of the Company and its subsidiary is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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**5. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED**

At the date of authorization of these condensed consolidated interim financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the nine months ended September 30, 2016:

- (i) IFRS 9 ‘Financial Instruments: Classification and Measurement’ was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 Financial Instruments – Recognition and measurement for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss). The effective date of these amendments has not yet been determined. The Company has not yet assessed the impact of the adoption of IFRS 9 on its financial performance or its financial position.
- (ii) IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet assessed the impact of the adoption of this standard on its financial performance or its financial condition.

**6. ACCOUNTS RECEIVABLE**

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Accounts receivable	\$ 72,064	\$ 48,232
Tax credits receivable	-	81,099
	<b>\$ 72,064</b>	<b>\$ 129,331</b>

**7. PREPAID EXPENSES**

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Deposit for inventory	\$ 142,690	\$ 23,306
Development services and software licenses	192,589	66,512
General expenses	25,225	4,367
	<b>\$ 360,504</b>	<b>\$ 94,185</b>

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**8. PROPERTY AND EQUIPMENT**

Property and equipment is comprised as follows:

	As at September 30, 2016			As at December 31, 2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<b>Scooters</b>	\$ 2,039	\$ (2,039)	\$ -	\$ 16,378	\$ (4,189)	\$ 12,189
<b>Computer Equipment</b>	3,854	(3,854)	-	3,854	(3,854)	-
<b>Office Furniture</b>	3,955	(2,716)	1,239	3,955	(2,498)	1,457
<b>Computer Software</b>	116,437	(5,935)	110,502	86,515	(5,934)	80,581
<b>Production Tooling</b>	49,200	(8,610)	40,590	49,200	(4,920)	44,280
<b>Total</b>	<b>\$ 175,485</b>	<b>\$ (23,154)</b>	<b>\$ 152,331</b>	<b>\$ 159,902</b>	<b>\$ (21,395)</b>	<b>\$ 138,507</b>

**9. RIGHT TO ACQUIRE AFFILIATE**

On February 3, 2016, the Company entered into a business arrangement with a Lebanese corporation (the "Affiliate") for joint product development and software licensing. The Affiliate will represent the Company exclusively in several territories for its scooter sharing business and will engage in certain related marketing activities and pay certain field trial expenses.

The Affiliate is owned 59.995% by a director/officer of the Company, 0.005% by an unrelated third party and 40% by Berytech Fund II (Holding) s.a.l., a Lebanese venture capital fund (the "Investor"). Investor has provided USD 610,000 of funding to the Affiliate. Upon agreement by the Investor, the Affiliate and the Company, among others, the Investor may advance additional funds for an aggregate of USD 2.5 million on similar terms.

The Company issued to the Investor a three-year warrant to acquire 4,223,030 class A common shares that may be exercised by the Investor at any time for a strike price of CAD \$844,606 which is the value of the Investor's funding to the Affiliate at the Bank of Canada closing exchange rate on February 3, 2016. The consideration to be paid by the Investor on the exercise of the warrant is comprised of the Investor's equity interest and the Investor's debt in the Affiliate. The Company will increase the number of warrant shares to reflect each additional investment made by the Investor at the prevailing market price at the time the funds are advanced to the Affiliate. The value of the underlying warrant shares is recorded net of the fair value of assets to be acquired. At September 30, 2016 the value of the underlying shares approximated the estimated fair value of the assets to be acquired and the amount recorded was NIL. The Company will adjust the value of the warrant shares based on the market price of the Company's common shares on each reporting date and will record an offsetting increase to the value of the right to acquire the affiliate, net of any write down to reflect the fair value of the asset to be acquired.

The warrant, if it remains outstanding on February 3, 2019, will be automatically exercised. Upon exercise of the warrant, the Company has the right to acquire the 59.995% equity interest in the Lebanese corporation, held by the director/officer of the Company, for USD 1.00. The Company's obligation to the Investor under the warrant is secured by a charge on the Company's intellectual property.

On September 16, 2016, pursuant to an additional investment by the Investor of USD 690,000 the Company, has entered into an agreement to cancel warrants to acquire 4,223,030 common shares in exchange for the issuance of new warrants to acquire 8,424,943 common shares. The consideration upon exercise of the warrants is comprised of \$US 1,280,000 in loans payable by Loop s.a.l. to the Investor along with the Investor's equity interest in Loop s.a.l., which currently represents 40% of the issued capital of Loop s.a.l. The additional investment closed on November 14, 2016. See notes 14(f) and 19.



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**10. REVERSE ACQUISITION TRANSACTION**

On June 28, 2016, the Company (formerly Kenna Resources Corp.) completed a reverse takeover transaction with Saturna Green Systems Inc. (“Saturna”) pursuant to a Securities Exchange Agreement (“SEA”). Under the terms of the SEA, the Company acquired all of the outstanding class A common share of Saturna in exchange for 26,191,427 common shares of the Company at a deemed price of \$0.20 per the Company share (the “**Transaction**”). The securities of the Company are reported retroactively to reflect the exchange ratio of 3.35 Company common shares exchanged for each Saturna class A common share.

The Company, with Saturna as its wholly owned subsidiary, will now pursue the business of Saturna as described in the Corporation’s filing statement dated May 29, 2016.

Immediately prior to closing Saturna had 7,818,341 class A common shares outstanding after giving effect to the following:

Class A common shares issued immediately prior to completion of the Transaction	Class A common shares	Issue Price	Share Capital
Class A common shares issued and outstanding, June 28, 2016	6,282,506		
Conversion of debentures <sup>(1)</sup>	1,014,917	\$0.5025	\$510,000
Settlement of accrued compensation	73,157	\$0.67	\$49,015
Finder’s fees paid to Fortuna Investment <sup>(2)</sup>	447,761	\$0.67	\$300,000
Total class A common shares issued and outstanding immediately prior to completion of the Transaction	7,818,341		

<sup>(1)</sup> Convertible debentures in the aggregate principal amount of \$510,000 were converted at a price of \$0.5025 per class A common share, being the Transaction price of \$0.67 per class A common share, less a discount of 25%, with no additional consideration paid for accrued interest. See note 13 (c).

<sup>(2)</sup> Issued pursuant to advisory agreements with Fortuna Investment Corp. In addition to 447,761 class A common shares, the Company paid Fortuna a fee of \$120,000 upon completion of the Transaction. See note 21 (c) of the Company’s audited financial statements.

In connection with the Transaction, immediately prior to the shares exchange, Kenna Resources Corp. consolidated its common shares on a 1.469565217 to 1 basis (the “Consolidation”), resulting in 5,618,616 common shares of Kenna being issued and outstanding.

Upon completion of the Transaction, the Company changed its name from Kenna Resources Corp. to LOOPShare Ltd. and paid finder’s fees of \$279,415 by the issuance of 1,397,074 LOOPShare common shares.

In conjunction with closing of the Transaction, LOOPShare closed a private placement for gross proceeds of \$1,375,000 by the issuance of 6,875,000 LOOPShare common shares at a price of \$0.20 per share and paid cash commissions totaling \$52,210 along with 254,800 non-transferable broker warrants in connection with the private placement. Each broker warrant entitles the holder thereof to purchase one resulting LOOPShare common share at an exercise price of \$0.37 per share for a period of two years from the closing of the private placement.

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**10. REVERSE ACQUISITION TRANSACTION (continued)**

As a result of the Transaction, and prior to the private placement, the shareholders of Saturna owned approximately 82% of the issued and outstanding common shares of LOOPShare on a diluted basis. For accounting and reporting purposes, Saturna is the accounting acquirer and LOOPShare is the accounting acquiree because of the significant holdings and influence of the control group of Saturna before and after the Transaction.

The reverse acquisition has been accounted for as a share -based payment transaction on the basis that LOOPShare did not meet the definition of a business because LOOPShare is a shell based company with no ongoing business operations. As a result, the difference between the fair value of the consideration deemed to have been paid by the accounting acquirer and the fair value of the identifiable net assets of the accounting acquiree is expensed.

The net assets acquired at fair value on June 28, 2016 are as follows:

<b>Consideration paid</b>		
5,618,617 common shares <sup>(1)</sup>	\$	1,123,723
2,647,617 warrants		86,214
<b>Total consideration paid</b>		<b>1,209,937</b>
<b>Less: Value of net assets</b>		
Cash		180,829
Amounts receivable		193,369
Trade and other payables		(11,503)
		<b>362,695</b>
<b>Net assets included in listing expenses</b>	\$	<b>847,242</b>
<b>Other listing expenses</b>		
Finders shares		579,415
Finders fee paid in cash		120,000
Legal expenses		171,350
Filing fees		13,747
Marketing fees		11,860
		<b>896,372</b>
<b>Total listing expenses</b>	\$	<b>1,743,614</b>

<sup>(1)</sup> Common shares of the Company prior to completion of the Transaction, valued at \$0.20 per class A common share, being the price of the private placement.

**11. ACCRUED COMPENSATION**

Accrued compensation as at September 30, 2016 included \$90,158 (December 31, 2015 - \$180,252) due to employees of the Company, and \$69,790 (December 31, 2015 - \$44,744) due to directors and officers of the Company.

On January 8, 2015, the Company entered into an agreement with a past employee with respect to settlement of \$49,015 accrued compensation. The past employee agreed to convert this to class A common shares in the event that the Company raises a minimum of \$2 million or completes a transaction that results in its class A common shares being listed on a public stock exchange. During the nine months ended September 30, 2016 this was converted.

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**12. RELATED PARTY TRANSACTIONS**

The following amounts are payable to related parties as at September 30, 2016 and December 31, 2015:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Companies controlled by directors	\$ 3,649	\$ 3,649
Accrued compensation (Note 11)	69,790	51,941
Obligation to issue class A common shares	-	74,885
Expenses incurred on behalf of Company	687	4,541
Bridge loans from director	52,000	150,000
	<b>\$ 126,126</b>	<b>\$ 285,016</b>

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the nine months ended September 30, 2016, short-term loans due to a director and officer of the Company in the amount of \$98,000 were repaid.

**Key Management Compensation**

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the three and nine months ended:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salary	\$ 83,801	\$ 46,237	\$ 213,554	\$ 125,282
Management fees to former Management	-	-	27,000	-
Class A common share-based compensation accrued/paid	37,500	39,167	112,500	79,065
	<b>\$ 121,301</b>	<b>\$ 85,404</b>	<b>\$ 353,054</b>	<b>\$ 204,347</b>

Effective January 1, 2016 the Company amended its employment agreement with Anwar Sukkarie, an officer and director of the Company. Under the revised agreement Mr. Sukkarie's 2016 salary of \$222,000 shall be payable \$72,000 in cash and the balance by the issuance of a total of 749,999 common shares in two equal instalments. Further, Mr. Sukkarie shall be entitled to up to 3,499,999 common shares subject to meeting certain performance criteria. Further details of Mr. Sukkarie's employment agreement can be found in the Company's May 29, 2016 filing statement available on [sedar.com](http://sedar.com).

On May 29, 2016 the Company revised the terms of a royalty agreement that was previously entered into in 2014 with a corporation owned by employees of the Company with respect to the forgiveness of past salary. Under the revised agreement a royalty of up to \$1,150,000 is to be calculated quarterly and payable in common shares of the Company and the market value on the issue date. Directors and officers hold a beneficial interest of 70% of the royalty company and collectively have 33% voting interest. Further details of the royalty agreement can be found in the Company's May 29, 2016 filing statement available on [sedar.com](http://sedar.com).

## **LOOPShare Ltd. (formerly Kenna Resources Corp.)**

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#### **13. LOANS, SHORT TERM**

- (a) On February 3, 2016 the Company redeemed a short-term non-interest bearing promissory note in the amount of \$267,113.
- (b) On March 21, 2016 the Saturna issued a short term promissory note to the Company in the amount of \$100,000, the proceeds of which were to provide general working capital until closing the reverse takeover and financing transaction. On April 27, 2016 Saturna issued an additional promissory note to the Company in the amount of \$150,000 on the same terms. Upon closing the RTO Transaction these loans were eliminated in the consolidated financial statements of the Company.
- (c) At June 28, 2016 the Company converted its debentures (the “Debentures”) with an aggregate principal amount of \$510,000 into 3,399,972 common shares. The debenture accrued interest at a rate of 10% per annum payable at maturity. There was no consideration paid for interest, resulting in a gain on conversion of \$97,779. The Debentures were comprised of:
  - (i) convertible debentures with an aggregate principal amount of \$360,000 outstanding as at December 31, 2015;
  - (ii) a bridge loan of \$100,000 that was exchanged for a convertible debenture, effective retroactively from May 30, 2014, being the date that the funds were received. The bridge loan was non-interest bearing with no stated terms of repayment. Upon the issuance of the Debenture, during the nine months ended September 30, 2016, the Company recorded accretion interest expense of \$23,966 and recorded an increase in the equity component of \$5,239; and
  - (iii) two six-month \$25,000 convertible debentures which were amended retroactively from May 27, 2014 and June 12, 2014, being the dates the funds were received, to reflect the material terms of the Company’s Debentures including the interest rate and conversion terms. During the nine months ended September 30, 2016 the Company recognized interest expense of \$6,688 in connection with the amended terms and recorded an increase in the equity component of \$1,898.

#### **14. SHARE CAPITAL AND RESERVES**

- (a) Authorized

An unlimited number of class A common shares without par value, class B common shares without par value, class C common shares without par value and preferred shares without par value.

- (b) Issued Share Capital

As at September 30, 2016 there were 41,791,256 (December 31, 2015 - 19,981,098) issued and fully paid class A common shares, Nil class B common shares, Nil class C common shares and Nil (December 31, 2015 - 135,072) issued and fully paid preferred shares outstanding.

On June 28, 2016 the Company redeemed preferred 135,072 preferred shares for cash of \$60,480. The completion of the Transaction triggered a liquidity event under the preferred share agreement and provided the holder with the right to force redemption.

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**14. SHARE CAPITAL AND RESERVES (continued)**

(c) Share Issuances

Nine months ended September 30, 2016:

On January 12, 2016 the Company settled its obligation to issue 50,250 class A common shares to a consultant as payment for financial advisory services rendered during the year ended December 31, 2015 in the amount of \$12,000.

On January 12, 2016 the Company issued 335,000 class A common shares as consideration of business development services expensed in the three months ended March 31, 2016 in the amount of \$80,000.

On February 15, 2016 the Company settled its obligation to issue 629,796 class A common shares for accrued remuneration of \$137,025 relating to services performed during the year ended December 31, 2015. Of this amount 330,283 shares were issued to director/officers of the Company.

On June 28, 2016 the Company paid a finder's fee with respect to the Transaction in the amount of \$300,000 by the issuance of 1,500,000 class A common shares.

During the nine months ended September 30, 2016, upon completion of the Transaction, the Company changed its name from Kenna Resources Corp. to LOOPShare Ltd. and paid finder's fees of \$279,415 by the issuance of 1,397,074 LOOPShare common shares.

In conjunction with closing of the Transaction, LOOPShare closed a private placement for gross proceeds of \$1,375,000 by the issuance of 6,875,000 LOOPShare common shares at a price of \$0.20 per share and paid cash commissions totaling \$52,210 along with 254,800 non-transferable broker warrants in connection with the private placement. Each broker warrant entitles the holder thereof to purchase one resulting LOOPShare common share at an exercise price of \$0.37 per share for a period of two years from the closing of the private placement.

During the nine months ended September 30, 2016, the Company issued 3,399,972 common shares for the conversion of its convertible debentures in the aggregate principal amount of \$510,000.

During the nine months ended September 30, 2016 1,334,138 class A common shares were issued at \$0.055 per share for proceeds of \$73,378 pursuant to the exercise of warrants.

At September 30, 2016, the Company issued 375,000 class A common shares pursuant to an employment agreement (Note 12).

Nine months ended September 30, 2015:

The Company issued 1,334,138 units pursuant to subscription agreements dated March 20, 2015, each unit comprised of one class A common share and one class A common share purchase warrant, at price of \$0.2388 per unit, for gross proceeds of \$318,600. During the three months ended March 31, 2015 proceeds of \$191,160 were received and 800,482 units were issued. On Apr 1, 2015 the Company issued the remaining 533,656 units on its receipt of the final subscription proceeds of \$127,440. Also in connection with the private placement, an option to acquire an additional 266,827 units on same terms as the private placement terms was granted. This option expired on March 20, 2016.

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**14. SHARE CAPITAL AND RESERVES (continued)**

## (d) Stock Options

Options to purchase class A common shares may be granted to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of the stock options for the nine months ended September 30, 2016 and 2015 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2014	551,075	\$	0.316
Granted	-		-
Expired	-		-
Cancelled	-		-
Balance, September 30, 2015 and December 31, 2015	551,075	\$	0.316
Granted	2,584,000		0.200
Expired	(201,000)		0.149
Cancelled	(350,075)		0.418
Balance, September 30, 2016	2,584,000	\$	0.200

On July 8, 2016, the Company has reserved for issuance a total of 2,657,000 Class A common shares of the corporation pursuant to the grant of incentive stock options and entered into a contract for investor relations services.

As disclosed in the Company's filing statement dated May 29, 2016, 2,157,000 five-year incentive stock options, exercisable at a price of \$0.20 per Share, have been granted to directors, officers, employees and consultants of the Corporation. Included in the options granted are 1,200,000 options for directors and officers, 662,000 options for employees and 25,000 options for a consultant, each vesting in equal amounts each month over 36 months from the grant date. The remaining 270,000 options were granted to consultants and vest in equal amounts each quarter over 12 months from the grant date. An additional 500,000 five-year incentive stock options, exercisable at a price of \$0.20 per Share, have been granted pursuant to a one-year contract with Dolce Vita Investment Corp. ("Dolce Vita") to provide investor relations services for the Corporation. As at September 30, 2016, only 2,512,000 incentive options were actually granted.

On September 28, 2016, the Company has granted incentive stock options to acquire 72,000 common shares to newly appointed chief operating officer/chief technical officer. The options are granted in connection with an employment agreement announced previously on August 9, 2016. Each option entitles the holder to acquire one common share at a price of 20 cents for a period of five years from the grant date. The options vest in equal monthly instalments over 36 months.

Details of options outstanding and exercisable at September 30, 2016 are as follows:

Number of Options Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)
2,512,000	\$0.200	July 6, 2021	4.75
72,000	\$0.200	September 28, 2021	4.98
2,584,000	\$0.200		4.76

For the nine months ended September 30, 2016 the Company recorded expense in the amount of \$94,026 in respect of incentive stock options (September 30, 2015 - \$2,923).

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**14. SHARE CAPITAL AND RESERVES (continued)**

## (e) Warrants

The continuity of the warrants for the nine months ended September 30, 2016 and 2015 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	-	\$ -
Granted <sup>(1)</sup>	800,483	0.055
Expired	-	-
Cancelled	-	-
Balance, September 30, 2015	800,483	\$ 0.055
Granted <sup>(1)</sup>	533,655	0.055
Expired	-	-
Cancelled	-	-
Balance, December 31, 2015	1,334,138	\$ 0.055
Granted <sup>(2)</sup>	2,901,918	0.370
Exercised	(1,334,138)	0.055
Expired	(1,198,654)	0.370
Balance, September 30, 2016	1,703,264	\$ 0.270

<sup>(1)</sup>In connection with the March 20, 2015 private placement, the Company issued 1,334,138 class A common share purchase warrants: 800,483 during the nine months ended September 30, 2015 and 533,655 subsequent to the quarter end. The original terms for the warrants are set out in the audited financial statements of Saturna available on [sedar.com](http://sedar.com) under LOOPShare. Pursuant to the completion of the Transaction, the terms of the warrants were adjusted. The warrants may be exercised by the holders on or before June 28, 2016 at a price of \$0.055 per LOOPShare common share. During the nine months ended September 30, 2016 all of the 1,334,138 warrants were exercised at \$0.055 per share.

<sup>(2)</sup>In connection with the RTO transaction, warrants outstanding prior to closing the RTO Transaction were assumed by the Company. Kenna Resources warrants were exchanged for 2,647,118 LOOPShare warrants on the basis of 1.4695 Kenna warrant for 1 LOOPShare warrant. Pursuant to the completion of the Transaction, the expiry dates of 887,073 of these warrants were adjusted to May 15, 2017.

On June 28, 2016, in connection with the Company's private placement, 254,800 broker warrants were issued, each warrant entitling the holder to acquire one class A common share at a price of \$0.37 for two years.

## (f) Obligation to Issue Common Shares

On February 3, 2016, the Company issued a warrant entitling the holder to acquire 4,223,030 class A common shares of the Company, the consideration of which shall be the holder's debt and equity position in an affiliate of the Company. At September 30, 2016 the holder owned 40% of the shares of the affiliate and had loan of USD 590,000. The Holder may exercise the right to exercise this warrant at any time, and provided that the warrant is outstanding at February 3, 2019 and that the holder continues to hold its shares in the affiliate, the warrant will be automatically exercised. The holder has registered a charge against the Company's intellectual property as security for the Company's obligation under the warrant. Upon exercise of the warrant the holder must execute a transfer agreement providing for the transfer of the securities and debt to the Company. Effective November 14, 2016 the Company canceled the warrants and issued 8,424,943 new warrants in connection with the increase in the holder's loans of USD 610,000. See notes 9 and 19.

**LOOPShare Ltd. (formerly Kenna Resources Corp.)****NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2016

(Unaudited) (Expressed in Canadian Dollars)

**15. REVENUE**

Revenue for the nine months ended September 30, 2016 was derived \$51,285 (2015 - \$155,910) from services, \$403,969 from the sale of software licenses (2015 - \$Nil) and \$113,499 (2015 - \$Nil) from product sales.

Revenue for the three months ended September 30, 2016 was derived \$14,385 (2015 - \$113,046) from services and \$71,810 (2015 - \$Nil) from product sales.

Revenue for the nine months ended September 30, 2016 was derived 81% from the Middle East. Revenue for the nine months ended September 30, 2015 was derived 100% from USA.

**16. EXPENSES BY NATURE**

For the Nine Months Ended September 30, 2016

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 80,667	\$ 3,042	\$ 37
Accounting and Legal	13,695	-	-
Consulting	55,550	84,037	6,000
Personnel	353,282	279,300	55,772
Travel	29,045	10,467	4,346
Totals	\$ 532,239	\$ 376,846	\$ 66,155

For the Nine Months Ended September 30, 2015

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 49,497	\$ 595	\$ 1,324
Accounting and Legal	214	-	-
Consulting	-	35,550	-
Personnel	184,069	99,109	66,657
Travel	9,354	9,515	29,917
Totals	\$ 243,134	\$ 144,769	\$ 97,898



## **LOOPShare Ltd. (formerly Kenna Resources Corp.)**

### **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2016

(Unaudited) (Expressed in Canadian Dollars)

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#### **17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable, and are therefore not subject to significant credit risk. This risk is minimal as receivables consist primarily of refundable government value added taxes.

##### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at September 30, 2016 the Company had a cash balance of \$283,297 (December 31, 2015 - \$20,501) to settle current liabilities of \$577,141 (December 31, 2015 - \$1,481,622).

##### **Foreign Exchange Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

##### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any interest-bearing debt. The Company's cash and cash equivalent investments are not subject to interest rate risk. This risk is considered to be low.

#### **18. NON-CASH TRANSACTIONS**

On February 3, 2016 the Company entered into an agreement to issue common shares in exchange for the acquisition of an affiliate company.

On June 28, 2016, the Company issued 3,399,972 common shares for the conversion of its convertible debentures for \$510,000.

On June 28, 2016 the Company settled accrued compensation in the amount of \$49,015 by the issuance of 245,075 common shares.

#### **19. SUBSEQUENT EVENTS**

On November 10, 2016, the Company's trading symbol changed from LUP to LOOP.

**LOOPShare Ltd. (formerly Kenna Resources Corp.)**

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Nine Months Ended September 30, 2016

(Unaudited) (Expressed in Canadian Dollars)

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**19. SUBSEQUENT EVENTS (continued)**

On November 14, 2016 the Company cancelled the warrant to acquire 4,220,030 common shares and issued a replacement warrant to acquire 8,424,943 common shares in consideration for the acquisition a 40% interest in its affiliate, Loop s.a.l. together with shareholder's loans advanced to Loop s.a.l. in the aggregate amount of USD1,280,000. See notes 9 and 14(f).

On September 8, 2016, the Company has received an approval of subsidy from the Japan External Trade Organization (JETRO), a Japanese government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. The subsidy is provided to Loop Japan KK, a newly owned subsidiary, to localize the Company's solution for the local Japanese, Chinese and South Korean markets. The agreement was entered into on November 2, 2016.