LOOPShare Ltd.

Consolidated Financial Statements

December 31, 2019

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LOOPShare Ltd.

Opinion

We have audited the consolidated financial statements of LOOPShare Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial Statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
June 10, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018

(Expressed in Canadian Dollars)

	Note		December 31, 2019		December 31, 2018
Assets					
Current assets:					
Cash		$	661,121	$	888,629
Accounts receivable	5		63,599		60,473
Prepaid expenses and deposits	6		368,661		645,292
Due from related party	12		55,000		17,481
Inventory	7		498,097		89,421
Total current assets			1,646,478		1,701,296
Long term assets:					
Property and equipment	3,8		177,383		36,309
Intangible asset	9		200,000		-
Total Assets		**$**	**2,023,861**	**$**	**1,737,605**
Liabilities and Shareholders' Equity (Deficiency)					
Current liabilities:					
Accounts payable and accrued liabilities	10, 12	$	647,497	$	756,750
Accrued compensation	10, 12		226,786		149,417
Deferred revenue	13		339,165		572,024
Due to related parties	12		59,955		4,200
Loans payable	12, 15		365,956		-
Lease liability	3		21,611		-
Total current liabilities			1,660,970		1,482,391
Long term liabilities:					
Lease liability	3		25,137		-
Convertible debentures and related interest	16		-		2,574,336
Total Liabilities		**$**	**1,686,107**	**$**	**4,056,727**
Shareholders' Equity (Deficiency)					
Class A common share capital	17		17,208,661		8,384,560
Obligation to issue class A common shares	17		75,000		75,000
Reserves	17		1,176,531		1,811,834
Deficit			(18,113,015)		(12,582,374)
Accumulated other comprehensive loss			(9,423)		(8,142)
Total Shareholders' Equity (Deficiency)			**337,754**		**(2,319,122)**
Total Liabilities and Shareholders' Equity (Deficiency)		**$**	**2,023,861**	**$**	**1,737,605**

Going concern – Note 2
Commitments – Notes 11, 22
Subsequent events – Note 24

Approved by the directors:

"MATTHEW CLAYTON"   ROOP MUNDI"

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

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For The Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

		For the Years ended December 31,			
			2019		**2018**
	Note				
Revenue	19	$	29,634	$	-
Expenses					
Operating expenses:					
Depreciation expenses	3,8		42,275		48,870
Amortization of intangible asset	9		202,892		-
General and administrative	20		1,686,183		902,821
Finance costs	3,15,16		547,570		83,555
Inventory write-down	7		277,810		47,386
Research and development	20		400,565		810,024
Sales and marketing	20		186,722		122,130
Share-based compensation	17		494,427		251,350
Total expenses			3,838,444		2,266,136
Net loss before other items			(3,808,810)		(2,266,136)
Other items					
Other expense			-		(2,587)
Currency exchange gain (loss)			(7,211)		3,870
Government grant income	14		-		371,602
Gain on settlement of debt and accounts payable	10		32,686		123,579
Gain (loss) on asset disposal			(5,988)		639
Gain on sale of mineral property interest			-		35,000
Loss from settlement of debt with share exchange agreement	12, 17		-		(1,000,000)
Impairment on intangible asset	9		(860,855)		-
Net loss from continuing operations		**$**	**(4,650,178)**	**$**	**(2,734,033)**
Loss on discontinued operations	11		(880,463)		-
Net Loss		**$**	**(5,530,641)**	**$**	**(2,734,033)**
Other comprehensive loss					
Foreign currency translation adjustment			**(1,281)**		**(11,705)**
Total Comprehensive Loss		**$**	**(5,531,922)**	**$**	**(2,745,738)**
Loss per share – basic and diluted from continuing operations		**$**	**(0.39)**	**$**	**(0.60)**
Loss per share – basic and diluted from discontinued operations		**$**	**(0.07)**	**$**	**-**
Weighted average number of common shares			**11,982,610**		**4,580,118**

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

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For The Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

			Reserves							
	Class A Common Shares	Amount ($)	Stock Options ($)	Warrants ($)	Contributed Surplus ($)	Total Reserve ($)	Shares to be Issued ($)	Deficit ($)	Accumulated Other Comprehensive Loss ($)	Total ($)
Balance, December 31, 2017	**4,179,126**	**6,577,085**	**530,397**	**112,910**	**-**	**643,307**	**75,000**	**(9,848,341)**	**3,563**	**(2,549,386)**
Share-based compensation (Note 17)	-	-	251,350	-	-	251,350	-	-	-	251,350
Shares issued for cash, net (Note 17)	75,000	167,842	-	19,657	-	19,657	-	-	-	187,499
Issuance of convertible debentures (Note 16)	-	-	-	680,030	-	680,030	-	-	-	680,030
Shares issued for debt (Notes 10, 17)	1,279,265	639,633	10,430	-	-	10,430	-	-	-	650,063
Share exchange (Note 12)	2,000,000	1,000,000	-	-	-	-	-	-	-	1,000,000
Settlement of debt with CEO (Note 10)	-	-	-	-	207,060	207,060	-	-	-	207,060
Comprehensive loss for the year	-	-	-	-	-	-	-	(2,734,033)	(11,705)	(2,745,738)
Balance, December 31, 2018	**7,533,391**	**8,384,560**	**792,177**	**812,597**	**207,060**	**1,811,834**	**75,000**	**(12,582,374)**	**(8,142)**	**(2,319,122)**
Share-based compensation (Note 17)	-	-	494,427	-	-	494,427	-	-	-	494,427
Shares issued for cash (Note 17) – Exercise of warrants	275,333	217,029	-	(29,279)	-	(29,279)	-	-	-	187,750
Shares issued for cash, net (Note 17)	11,917,360	2,294,060	-	35,811	-	35,811	-	-	-	2,329,871
Exercise of convertible debentures (Notes 16 and 17)	6,961,020	3,689,262	-	(680,030)	-	(680,030)	-	-	-	3,009,232
Shares issued for intangible asset (Note 9)	1,915,200	1,263,747	-	-	-	-	-	-	-	1,263,747
Shares issued for acquisition (Notes 11 and 17)	842,494	842,494	-	-	-	-	-	-	-	842,494
Warrants issued for loan payable (Note 15, 17)	-	-	-	61,277	-	61,277	-	-	-	61,277
Performance Shares (Note 17)	349,999	517,509	(517,509)	-	-	(517,509)	-	-	-	-
Comprehensive loss for the year	-	-	-	-	-	-	-	(5,530,641)	(1,281)	(5,531,922)
Balance, December 31, 2019	**29,794,797**	**17,208,661**	**769,095**	**200,376**	**207,060**	**1,176,531**	**75,000**	**(18,113,015)**	**(9,423)**	**337,754**

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

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

	For the Years ended December 31, 2019	2018
	$	$
Operating activities:		
Net loss for the year	(5,530,641)	(2,734,033)
Items not involving cash:		
Amortization	42,275	48,870
Amortization of Intangible Asset	202,892	-
Share-based payments	494,427	251,350
Accretion expenses and interest accrued	465,734	56,867
Gain on sale of mineral property interest	-	(35,000)
Inventory write-down	277,810	47,386
Loss (gain) on settlement of debt (net of gains)	(32,686)	876,421
Loss on disposal of asset	886,451	-
Unrealized foreign exchange gains	(6,662)	-
Impairment of intangible asset	860,855	
Finance costs	61,817	
Changes in non-cash working capital items related to operations:		
Accounts receivable and due from related party	(26,747)	34,831
Prepaid expenses and deposits	155,374	(645,292)
Accounts payable and accruals	(1,228)	183,926
Deferred revenue	-	(51,333)
Inventory	(685,499)	54,687
Cash used for operating activities	(2,835,828)	(1,911,320)
Investing activities:		
Proceeds from sale of mineral property interest	-	35,000
Purchase of property and equipment	(117,473)	1,426
Cash from (used for) investing activities	(117,473)	36,426
Financing activities:		
Line of credit drawn	-	(354,859)
Loan to related party	(113,039)	-
Lease payments	(25,308)	-
Proceeds from loans	584,799	160,000
Issuance of class A common shares, net	2,517,622	187,500
Repayment of loans payable, related party loans, and bridge loans	(237,000)	(118,151)
Proceeds from convertible debentures	-	2,897,500
Cash from financing activities	2,727,074	2,771,990
Effect of Foreign Exchange	(1,281)	(11,705)
Net increase (decrease) in cash	(227,508)	885,391
Cash, beginning of the year	888,629	3,238
Cash, end of the year	**661,121**	**888,629**

The accompanying notes are an integral part of these consolidated statements

1. NATURE OF OPERATIONS

LOOPShare Ltd. (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's head office, principal address and the registered and records office are located at 106 – 131 Water Street, Vancouver, BC V6B 4M3.

The Company is classified as a technology company. The Company develops and deploys connected end-to-end Telematics-based solutions for inner-city transportation vehicles, specifically geared toward Transportation as a Service ("TaaS"). The Company specializes in the connected vehicle industry with a focus on two wheel electric vehicles. The Company is listed on the TSX-V, trading under the symbol is LOOP, and in the United States on the OTCQB, trading under the symbol LPPPF. On October 8, 2019, the Company completed a consolidation of its issued and outstanding class A common shares on the basis of one (1) post-consolidation share for every ten (10) pre-consolidation shares. All share and per share data have been updated in these consolidated financial statements to reflect the share consolidation for all periods presented.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended December 31, 2019. These consolidated financial statements were approved by the Board of Directors on June 10th, 2020.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology, and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at December 31, 2019 the Company had a net working capital deficiency of $14,492 and a deficit of $18,113,015. The Company generated $29,634 (2018: $nil) in revenues for the year ended December 31, 2019.

These factors indicate a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

During the three month period ended March 31, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. The electric transportation industry is expected to be impacted significantly as many local and regional governments have issued public health orders and travel restrictions in response to COVID-19. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company's ability to obtain additional financing. The impact of these factors on the Company is not yet determinable; however, the Company's financial position, results of operations and cash flows in future periods may be materially affected.

2. STATEMENT OF COMPLIANCE (continued)

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. These consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed below:

Name	Country of Incorporation	Functional Currency	% equity interest As at December 31, 2019
Saturna Green Systems Inc.	Canada	Canadian $	100%
Loop Japan KK	Japan	Japanese Yen	100%
1022313 B.C. Ltd.	Canada	Canadian $	100%
LOOPShare USA Corp.	Nevada, U.S.A.	US $	100%

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis since inception, except for those assets and liabilities that are measured at fair value at the end of each reporting period. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are as follows:

(a) Revenue Recognition

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company derives revenue from the sale of electric scooters, telematics hardware and software, as well as professional services associated with customizing its products. Software revenue includes licenses derived from software and software services. The Company recognizes revenue when the amount of revenue is fixed and determinable and it is probable that future economic benefits will flow to the Company.

Revenue from telematics hardware sales and software license sales is recognized when the hardware is shipped or the software is delivered and when all significant contractual obligations have been satisfied. Revenue from software license sales is recognized upon delivery where there is evidence of an arrangement, the selling price is fixed or determinable and there are no significant remaining performance obligations.

Revenue from professional services is recognized as earned, based on performance according to specific terms of the contract or on the basis of the percentage of completion method where the revenue is reconcilable to services performed as a proportion of total services to be completed. Foreseeable losses, if any, are recognized in the year in which the loss is determined. Revenue from the sale of electric scooters is recognized when the electric scooters are delivered and when all significant contractual obligations have been satisfied.

Revenue arrangements with multiple elements are reviewed in order to determine whether the multiple elements can be divided into separate units of accounting. If separable, the consideration received is allocated among the separate units of accounting based on their relative fair values, and the applicable revenue recognition criteria are applied to each of the separate units. Otherwise, the applicable revenue recognition criteria are applied to the revenue arrangement as a single unit.

Payment received in advance of revenue recognition is recorded as deferred revenue.

(b) Inventory

The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property and Equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property 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. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

Computer Software	2 Years – Straight Line
Office furniture and computer equipment	20% declining balance
Production Tooling	10 Years – Straight Line
Scooters	3 Years – Straight Line

(d) Intangible asset

Intangible asset consists of a brand acquired from a third party (the "Scoot-E brand"). Intangible assets are recognized when future economic benefits (inflows of cash or other assets) are expected.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods and the amortization methods for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the remaining amortization periods or methods, as appropriate, and are treated as changes in accounting estimates.

The Company has no indefinite lived intangible assets and the Scoot-E brand is amortized over its useful life of 5 years.

(e) Research and development costs

Expenditure on internally developed products is capitalized as an intangible asset if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

(f) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of long-lived assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

(g) 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. Shares issued for services to non-employees are measured at the fair value of the equity instruments issued on the issuance date. The fair value of options, determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed in the statement of loss and comprehensive loss. The corresponding amount is recorded to share-based payment reserve. 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.

(h) Government grants

Government grants are not recognized until there is reasonable assurance that they will be received and that the Company will be in compliance with any conditions associated with the grant. Grants that compensate the Company for expenses are recognized in the consolidated statements of loss and comprehensive loss.

(i) 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.

(j) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in consolidated statements of loss and comprehensive 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Current and Deferred Income Taxes (continued)

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.

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.

(k) Foreign Currencies

The Company's reporting currency and the functional currency is the Canadian dollar. The functional currency for Saturna Green Systems Inc. and 1022313 B.C. Ltd. is the Canadian dollar; the functional currency for Loop Japan K.K. is the Japanese Yen; and the functional currency for LOOPShare USA Corp. is USD.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's Japanese operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(l) 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.

(m) Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model.

The following is the Company's accounting policy for financial instruments under IFRS 9:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts receivable, due from (to) related party, account payable, loan payable, convertible debenture and lease liability are classified in this category as at December 31, 2019 and 2018.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Cash is classified in this category at December 31, 2019 and 2018.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. No financial instruments were classified in this category as at December 31, 2019 and 2018.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. No financial instruments were classified in this category as at December 31, 2019 and 2018.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

(n) Derivatives Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values.

(o) Convertible loans

The convertible loans were initially recorded at fair value and subsequently measured at amortized cost. The convertible loans were allocated between the debt and equity components using the residual method at the date of issuance and were recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible loan, which is included in interest on convertible loan in the consolidated statement of loss and comprehensive loss.

(p) Change in accounting policies

Effective January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Change in accounting policies (continued)

The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under IAS 17, Leases ("IAS 17"), the Company's accounting policy was as follows:

The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement.

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease. All other leases were classified as operating leases.

Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in the consolidated statement of operations. A leased asset was depreciated over the term of the lease.

An operating lease was a lease other than a finance lease. Operating lease payments were recognized in the consolidated statement of operations on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Effective January 1, 2019 the Company adopted IFRS 16 using the modified prospective approach. Accordingly, comparative figures as at and for the year ended December 31, 2018 have not been restated and continue to be reported under IAS 17.

The Company has one lease agreement for its office premises in Vancouver which was entered into on February 1, 2019. The lease agreement will expire on January 31, 2022 with no renewal option.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Change in accounting policies (continued)

The Company has elected to record the right-of-use asset based on the corresponding lease liability. For recording the new right-of-use asset under IFRS 16, for the lease of its office, the Company discounted future lease payments using its incremental borrowing rate as at February 1, 2019 which was 12% per annum.

The recognized right-of-use asset relates to the Company's lease agreement which is included under property and equipment in the consolidated statement of financial position as follow:

		December 31, 2019		February 1, 2019
Right-of-use asset, net book value (Note 8)	$	45,747	$	65,876
Lease Liability	$	46,748	$	65,876

The short-term liability for the lease as at December 31, 2019 is $21,611 and the long-term portion is $25,137. Depreciation expense of $20,129 on the right-of-use asset and interest expense of $6,180 year were recognized during the year ended December 31, 2019

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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 and judgements.

Areas requiring a significant degree of estimation and judgment include the following:

(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 subsidiaries is the currency of the primary economic environment in which the entity operates.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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 determine the primary economic environment.

(d) Going Concern

Judgment is required in the determination that the Company will continue as a going concern for the next year (Note 2).

(e) Determination of the Fair Value of Share-based Compensation

The Company measures the cost of equity settled transactions with employees and non-employees by reference to the fair value of the related instrument at the date in which they are granted and fair value of services, respectively. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. In addition, the option pricing models used require management to make various estimates and assumptions in relation to the expected life of the awards, volatility and forfeiture rates. Significant judgement is required in estimating the number of performance shares that are expected to vest. This estimate is subsequently trued up for differences between the number of instruments expected to vest and the actual number of instruments vested.

5. ACCOUNTS RECEIVABLE

	December 31, 2019	December 31, 2018
Accounts receivable	$ 1,298	$ 18,376
Sales Tax receivable	62,301	42,097
	$ 63,599	**$ 60,473**

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2019	December 31, 2018
Deposit for inventory	$ 288,413	$ 630,831
General expenses	80,248	14,461
	$ 368,661	**$ 645,292**

7. INVENTORY

	December 31, 2019	December 31, 2018
Inventory parts	$ 57,116	$ 84,879
Finished goods	440,981	4,542
	$ 498,097	**$ 89,421**

During the year ended December 31, 2019, the Company wrote down inventory by $277,810 (2018 - $47,386) to its estimated net realizable value. Finished goods consists of scooters purchased from third parties to resell.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Scooters	Computer Equipment	Office Furniture	Computer Software	Production Tooling	Right of Use (Note 3)	Total
Cost							
As at December 31, 2017	**$ 15,671**	**$ 3,854**	**$ 3 ,955**	**$ 90,424**	**$ 49,200**	**$ -**	**$ 163,104**
Additions	-	-	(3,955)	-	-	-	(3,955)
As at December 31, 2018	**15,671**	**3,854**	**-**	**90,424**	**49,200**	**-**	**159,149**
Additions	117,473	-	-	-	-	65,876	183,349
As at December 31, 2019	**$ 133,144**	**$ 3,854**	**$ -**	**$ 90,424**	**$ 49,200**	**$ 65,876**	**$ 342,498**
Accumulated depreciation							
As at December 31, 2017	**$ (4,288)**	**$ (3,854)**	**$ (3,023)**	**$ (50,574)**	**$ (14,760)**	**$ -**	**$ (76,499)**
Additions	(4,594)	-	3,023	(39,850)	(4,920)	-	(45,341)
As at December 31, 2018	**(8,882)**	**(3,854)**	**-**	**(90,424)**	**(19,680)**	**-**	**(122,840)**
Additions	(16,096)	-	-	-	(6,050)	(20,129)	(42,275)
As at December 31, 2019	**$ (24,978)**	**$ (3,854)**	**$ -**	**$ (90,424)**	**$ (25,750)**	**$ (20,129)**	**$ (165,115)**
Net book value							
As at December 31, 2018	**$ 6,789**	**$ -**	**$ -**	**$ -**	**$ 29,520**	**$ -**	**$ 36,309**
As at December 31, 2019	**$ 108,166**	**$ -**	**$ -**	**$ -**	**$ 23,470**	**$ 45,747**	**$ 177,383**

9. INTANGIBLE ASSET

On March 13, 2019, the Company completed an Asset Purchase Agreement with a third party, Raytroniks, to acquire the Scoot-E brand. The total consideration paid to Raytroniks was 1,824,000 class A common shares (the "Consideration Shares") plus 91,200 finders shares with a combined fair value of $1,263,747 (Note 17). The shares are subject to vesting and escrow provisions and other conditions. The Consideration Shares vest as follow:

- 15% of the Consideration Shares as at March 13, 2019 (the "Closing Date");
- an additional amount of Consideration Shares will vest on the date that is four months and one day after the Closing Date, in an amount equal to US$189,228.68 plus interest accrued on such amount after the date of this Agreement (converted to Canadian dollars at the average exchange rate posted by the Bank of Canada on the day prior to the release date) divided by the closing market price of the Purchaser Shares on the Exchange on the day prior to the release date.
- an additional percentage of Consideration Shares will vest on the date that is 6 months following the Closing Date in an amount that results in one quarter (1/4) of the Unvested Consideration Shares being vested;
- an additional percentage of Consideration Shares will vest on the date that is 12 months following the Closing Date in an amount that results in an additional one quarter (1/4) of the Unvested Consideration Shares being vested;
- an additional percentage of Consideration Shares will vest on the date that is 18 months following the Closing Date in an amount that results in an additional one quarter (1/4) of the Unvested Consideration Shares being vested; and
- an additional percentage of Consideration Shares will vest on the date that is 24 months following the Closing Date in an amount that results in an aggregate total of 100% of the Consideration Shares being vested.

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSET (continued)

Management determined that the Scoot-E brand did not have inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by IFRS 3. Accordingly, the acquisition was accounted for as an asset acquisition.

The fair value attributed to the Consideration Shares was used as the basis for measuring the intangible asset at fair value on the date of acquisition. Following the initial recognition, the intangible asset is carried at the initial fair value less accumulated amortization and impairment losses, if any. Amortization of intangible asset with finite lives is based on the estimated useful life of the asset and is recognized on a straight-line basis. The Company has determined that the estimated useful life of the intangible asset is 5 years. The Company assesses the intangible asset for impairment whenever there is an indication that the intangible asset may be impaired.

During the year ended December 31, 2019, the Company determined that $860,855 of the initial fair value allocated to the intangible assets was impaired based on the estimated future economic benefits.

		Scoot E Brand
Cost		
Balance, December 31, 2018	$	-
Acquisition of intangible asset – Scoot-E brand		1,263,747
Balance, December 31, 2019	**$**	**1,263,747**
Accumulated Amortization		
Balance, December 31, 2018	$	-
Amortization		(202,892)
Impairment		(860,855)
Balance, December 31, 2019	**$**	**(1,063,747)**
Carrying Amounts		
December 31, 2018	$	-
December 31, 2019	**$**	**200,000**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND ACCRUED COMPENSATION

		December 31, 2019		December 31, 2018
Accounts payable (Note 12)	$	**647,497**	$	**756,750**
Accrued compensation (Note 12)		**226,786**		**149,417**
	$	**874,283**	**$**	**906,167**

During the year ended December 31, 2019, the Company entered into debt settlement agreements with the former CEO and President (Note 12) and vendor for past services performed. The Company recognized a gain on settlement of debt of $32,686 in the statement of loss and comprehensive loss.

During the year ended December 31, 2018, the Company entered into a debt settlement agreement with vendors and employees for past services performed, loans and management fees payable. The Company issued 1,279,265 shares with a fair market value of $639,633. The Company recognized a gain on settlement of debt of $123,579 in the statement of loss and comprehensive loss related to the debt settled with employees and vendors.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND ACCRUED COMPENSATION (continued)

The Company recognized a gain on settlement of debt of $207,060 related to the debt with a director and recorded the gain in contributed surplus.

11. DISCONTINUED OPERATIONS

On February 3, 2016, the Company entered into a business arrangement with a Lebanese corporation, Loop s.a.l. (the "Affiliate") for joint product development and software licensing.

The Affiliate was 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 provided an aggregate of USD $1,300,000 of funding to the Affiliate. Upon agreement by the Investor, the Affiliate and the Company, among others, the Investor could have advanced additional funds for a total of USD $2.5 million on similar terms.

The Company issued to the Investor a three-year warrant to acquire 842,494 class A common shares that could be exercised by the Investor at any time for consideration comprised of the Investor's equity interest and the Investor's debt in the Affiliate. As described below, the Investor exercised this warrant.

The Company was required to increase the number of warrants 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 consideration upon exercise of the warrants was comprised of USD $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 represents 40% of the issued capital of Loop s.a.l. The additional investment closed on November 14, 2016.

The derivative instrument's fair value is calculated using Level 3 inputs. The gain or loss on initial recognition of the derivative liability with Level 3 inputs is not recognized but deferred. Any loss arising from the subsequent re-measurement is recognized in the consolidated statement of loss. Any gain from the re-measurement of the derivative instrument is only recognized to the extent of a recorded loss as the Investor would not normally exercise its right under these circumstances.

The key unobservable inputs that were used in the estimation of the derivative liability are as follows:
1) The expected geographic expansion of operations, based on cities identified by Management as having an opportunity for successful implementation of scooter sharing.
2) Determination of whether each geographic expansion would be LOOPShare-operated or franchise-operated.
3) Probability factor assessed for each city, to adjust the expected opportunity for the probability of successful implementation within each city.
4) The number of scooters required to earn the projected revenues, calculated based on the expected members and usage in each city.
5) The appropriate discount rate for Loop s.a.l.

The resulting value of the derivative instrument could differ significantly based on changes in the underlying assumptions used, potentially having a material future impact on the Company's consolidated financial statements.

The loss position of $719,000 was not recognized on initial recognition in accordance with applicable guidance therefore the Company has deferred this difference. Subsequent gains from re-measurement of the derivative instrument are not recognized in the consolidated financial statements as it results in recognition of a derivative asset. A derivative asset should not be recognized as the Berytech warrants would never be exercised if the derivative instrument is in a gain position.

(Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS (continued)

This is predicated on the assumption that a Market participant would sell the underlying business to a third party instead of exercising the warrants in LOOPShare Ltd. to avoid the loss of this value differential. The change in derivative instrument value is primarily due to the change in the market price of LOOPShare Ltd.'s common shares.

On April 18, 2019, the Company issued 842,494 common shares (Note 17) at a fair value of $1.00 for an effective 100% ownership and control of Loop s.a.l. as a result of the cashless exercise of pre-existing warrants by a 40% independent shareholder and investor in the Loop s.a.l.. The shares are subject to an escrow agreement, with incremental releases over a 36-month period. The Company's CEO also transferred his 59.995% ownership interest in Loop s.a.l. to the Company for a nominal amount (US$1.00) as previously stipulated in the warrant terms. The remaining 0.005% of the Affiliate Company continues to be owned by an independent director of the Affiliate company, as required by Lebanese law for companies domiciled in the country. The acquisition was accounted for accordance with IFRS 3 Business Combination. Accordingly, the acquisition of Loop s.a.l. was accounted at the fair value of the equity instruments issued to the shareholders of Loop s.a.l. and the excess of the consideration over the net assets acquired was recorded as goodwill.

Common shares issued		842,494
Value per share	$	1.00
Total consideration	**$**	**842,494**
Net identifiable assets (liabilities) acquired		
Cash	$	22,637
Accounts receivable		730
Prepaid expenses and deposits		7,339
Inventory		355,210
Property and equipment		151,141
Accounts payable and accruals		(217,184)
Net identifiable assets	$	319,873
Purchase price allocation		
Net identifiable assets acquired	$	319,873
Goodwill		522,621
	$	**842,494**

On October 15, 2019, Mr. Sukkarie resigned as President & Chief Executive Officer of the Company. In connection with his resignation, the Company agreed to pay $196,375 in amounts owing to Mr. Sukkarie and the transfer its 99.995% interest in Loop s.a.l. to Mr. Sukkarie which occurred effective October 15, 2019. Accordingly, the accounts of Loop s.a.l. were deconsolidated and a loss on discontinued operations of $880,463 was recognized in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2019.

(Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS (continued)

As of December 31, 2019, the Company no longer has any ownership interest in Loop s.a.l.; however, Loop s.a.l. remains a Master Zone Operator of the Company for the territory that includes the Middle East, Africa and Cyprus. The Company is entitled to a share of the revenue of the operations of Loop s.a.l.

12. RELATED PARTY TRANSACTIONS

Key Management Compensation

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

	Years ended December 31,	
	2019	**2018**
Salary & management fees	$ 166,369	$ 128,000
Consulting	212,400	54,200
Directors' fees	40,000	-
Rent to a company controlled by a director	9,000	-
Share-based compensation accrued/paid	403,018	20,728
Gain on settlement of debt (Note 10)	32,686	207,060
	$ 863,473	**$ 409,988**

The following amounts are payable and due to/from related parties as at December 31, 2019 and 2018:

	December 31, 2019	**December 31, 2018**
Companies controlled by directors and officers	$ 51,825	$ 323,096
Amounts due to the former CEO and president (Note 11)	196,375	16,172
Shares to be issued to the former CEO and president	75,000	75,000
Due from directors and officers	(55,000)	(17,481)
Due to directors and officers	8,130	4,200
	$ 276,330	**$ 400,987**

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

As at December 31, 2019 and 2018 the Company had the following amounts due to the former CEO and president of the Company:

	December 31, 2019	**December 31, 2018**
Unsecured free interest loan (Note 15)	$ 95,000	$ -
Accrued compensation (Note 10)	-	16,172
Accrued bonus (Note 10)	101,375	-
	$ 196,375	**$ 16,172**

During the year ended December 31, 2019, the Company entered into debt settlement agreements with the former CEO and President, after his resignation, where the Company agreed to pay a performance bonus of $101,375.

As at December 31, 2019, the Company has an obligation to issue class A common shares to a former CEO and president of the Company in the amount of $75,000 (2018 - $75,000).

12. RELATED PARTY TRANSACTIONS (continued)

As at December 31, 2019, the Company had issued all performance shares to a former director and officer of the Company (Note 17).

During the year ended December 31, 2019, Directors of the Company converted into share capital $383,188 (2018 purchased - $412,500) convertible debentures of the Company (Note 16).

On May 29, 2016 the Company revised the terms of a royalty agreement that was previously entered into in 2014 with a corporation, 1022313 B.C. LTD, (the "Royalty Company") 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 (the "Royalty Max") was to be calculated quarterly and payable in common shares of the Company and the market value on the issue date. Directors and officers held a beneficial interest of 70% of the royalty company and collectively had a 33% voting interest.

The royalty agreement was treated as a contingent liability based on a future outcome and for which the payment is not probable, nor could it be measured reliably. At such time that the amount of the royalty can be calculated and it is probable that it would be due, the liability and expense would be recorded.

During the year ended December 31, 2018 the Company entered into a share exchange agreement with the Royalty Company whereby the Company acquired all of the issued and outstanding capital of the Royalty Company in exchange for the issuance of 2,000,000 class A common shares of the Company with a fair value of $1,000,000.

Since, the Royalty Company had no inputs, processes and outputs, the acquisition of the shares does not represent a business combination in accordance with IFRS 3. Due to this fact, the acquisition was accounted as asset acquisition. Since the royalty agreement acquired from the Royalty Company is based on the Company's own revenues it was determined that this contingent asset had no value and therefore it was recognized as a loss on settlement of debt with the exchange agreement for $1,000,000 during the year ended December 31, 2018.

13. DEFERRED REVENUE

The Company received deposits during the year ended December 31, 2017 for the partial payment of the purchase of scooters. The remaining payment and manufacture of these scooters remains outstanding as at December 31, 2019.

14. GOVERNMENT GRANT INCOME

The Company participates in the Subsidy Program for Global Innovation Center of the Government of Japan. The program consists of a subsidy for certain costs incurred by foreign companies for setting up innovation centers, experimental studies and feasibility studies in collaboration with Japanese companies and other organizations in Japan with the aim of drawing investments and excellent management resources from overseas.

After the completion the subsidized program, the Company submits a result report and summary of expenditures incurred for reimbursement, which is reviewed by the appropriate authority which decides the amount to be reimbursed. The Company received reimbursement for $Nil (2018: $371,602) during the year ended December 31, 2019.

(Expressed in Canadian Dollars)

15. LOANS, SHORT TERM

		December 31, 2019		December 31, 2018
Loan from CEO (a)	$	95,000	$	-
Loan payable (b)		247,043		
Accrued interest (b)		23,913		-
	$	**365,956**	**$**	**-**

(a) On April 29, 2019, the former CEO and president of the Company provided a loan of $95,000 bearing interest at 0% per annum to the Company payable by or on six months from the loan issue date. As at December 31, 2019 the loan remains unpaid.

(b) On June 12, 2019, the Company issued an interest-bearing promissory note ("Original Loan") in the amount of USD $150,000. The loan bears interest at a rate of 1% per 30-day period, is unsecured and was originally due on July 12, 2019.

On July 24, 2019, the Company entered into a bridge loan facility ("Second Loan") that superseded the Original Loan for proceeds of USD $271,850, comprised of USD $151,850 of the principal and accrued interest of the Original Loan and an advancement of USD $120,000. The loan bears interest at a rate of 1% per 30-day period, is unsecured and was due on October 24, 2019.

In connection with the Second Loan, the Company issued bonus warrants (Note 17) to acquire 142,482 common shares of the Company at a price of $0.50 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the Loan.

On September 23, 2019, the Company entered into a further bridge loan facility ("Third Loan") that superseded the Second Loan for proceeds of USD $377,377, comprised of USD $277,377 of the principal and accrued interest of the Second Loan and an advancement of USD $100,000. The loan bears interest at a rate of 1% per 30-day period, is unsecured and due on December 23, 2019.

In connection with the Third Loan, the Company issued bonus warrants (Note 17) to acquire 53,100 common shares of the Company at a price of $0.50 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the third loan.

On December 12, 2019, the Company repaid CAD $237,000 of the Third Loan.

As at December 31, 2019 the Company owed a principal sum of USD $190,209 (CAD $247,043) on the Third Loan and recorded USD $18,411 (CAD $23,913) in accrued interest for the year ended December 31, 2019.

(c) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of $75,000, in addition to the $150,000 note issued in the previous year. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default.

During the year ended December 31, 2018, the total principal of the loan due to a third-party lender of $225,000 was settled with convertible debentures and the related interest of $18,608 was paid in cash.

15. LOANS, SHORT TERM (continued)

(d) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of $75,000. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default. During the year ended December 31, 2018, the loan of $75,000 was settled with convertible debenture and the related interest of $3,501 was paid in cash.

(e) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of $10,000. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default. During the year ended December 31, 2018, the Company repaid $10,000 plus accrued interest of $161 in cash.

16. CONVERTIBLE DEBENTURES

On November 23, 2018, the Company issued secured three-year convertible debentures with a face value of $3,197,500 and interest payable of 10% per annum. The debentures were exercisable into Class A common shares at a conversion price of $0.50 per share during the first year and $1.00 per share in the second and third year. Any accrued and unpaid interest may be converted into Class A common shares at a conversion price equal to the market price at the time of conversion. In addition, the holders received 2,000 non-transferable share purchase warrants for every $1,000 of principal of the debentures. Each warrant is exercisable into one additional Class A common share at an exercise price of $0.75 per warrant share for a period of three years.

For accounting purposes, the debentures contain both a liability component and an equity component, being the lender's conversion option to shares, which have been separately presented on the consolidated statement of financial position. The Company allocated the original $3,197,500 principal of the Debentures to the individual liability component and equity components by establishing the fair value of the liability component at the date of issue at $2,517,469 and then allocated the remaining balance of the net proceeds of $680,030 to the equity component and share purchase warrants. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate at the date of issuance of 20.3% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders.

During the year ended December 31, 2019, convertible debentures with a face value of $3,197,500 and interest accrued for $294,762 (2018 - $Nil) were converted into 6,961,020 class A common shares (Note 17). The principal was converted at a conversion price of $0.50 and interests accrued were converted at the market price at the issuance dates.

The carrying value of the convertible debentures, including interest was $Nil as at December 31, 2019 (December 31, 2018 - $2,574,336). The accretion expense was $173,771 (December 31, 2018 - $23,578) and the interest expense was $261,473 (December 31, 2018 - $33,289) for the year ended December 31, 2019 and are included in the finance costs in the consolidated statement of loss and comprehensive loss.

17. 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. On October 1, 2019, the Company announced the consolidation of its issued and outstanding class A common shares on the basis of one (1) post-consolidation share for every ten (10) pre-consolidation shares. All share and per share amounts have been adjusted for all periods presented to reflect the share consolidation.

(b) Issued Share Capital

As at December 31, 2019 there were 29,794,797 (2018 – 7,533,391) issued and fully paid class A common shares.

(c) Share Issuances

The following class A common shares were issued during the year ended December 31, 2019:

- On March 5, 2019, 75,000 warrants were exercised at an exercise price of $0.50 resulting in the issuance of 75,000 class A common shares.

- During the year ended December 31, 2019, $3,197,500 convertible debentures and interest accrued for $294,762 were converted into 6,961,020 class A common shares (Note 16).

- On March 13, 2019, the Company issued 1,915,200 class A common shares with a fair value of $1,263,747 as consideration to Raytroniks for the Scoot-E brand (Note 9).

- On April 1, 2019, a former director and officer of the Company exercised 100,000 warrants at an exercise price of $0.75 resulting in the issuance of 100,000 class A common shares.

- On April 18, 2019, the Company issued 842,494 class A common shares for the acquisition of Loop s.a.l. at the fair value of $842,494 (Note 11).

- On May 17, 2019, 100,333 warrants were exercised at an exercise price of $0.75 resulting in the issuance of 100,333 class A common shares.

- On November 15, 2019, the Company closed the first tranche of a non-brokered private placement. The Company raised gross proceeds of $772,972 through the issuance of 3,864,860 class A common shares at a price of $0.20 per share.

- On December 12, 2019, the Company closed the second tranche of a non-brokered private placement. The Company raised gross proceeds of $819,000 through the issuance of 4,095,000 class A common shares (each a “Share”) at a price of $0.20 per share. The Company paid finder's fees consisting of $25,600 in cash, 140,000 class A common shares and 268,000 finder's warrants. Each finder's warrant is exercisable into a Share at an exercise price of $0.20 for a period of 12 months. The fair value of the finder’s warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 1.71%, an expected life of 1 year, an expected volatility of 90%, and no expected dividends. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information

17. SHARE CAPITAL AND RESERVES (continued)

- On December 13, 2019, the Company closed the third tranche of a non-brokered private placement. The Company raised gross proceeds of $763,500 through the issuance of 3,817,500 class A common shares at a price of $0.20 per share.

- On December 31, 2019, the Company issued 349,999 class A common shares in connection with the Company's former CEO's performance shares (Note 12)

The following class A common shares were issued during the year ended December 31, 2018:

- On February 26, 2018, the Company completed a non-brokered private placement of 75,000 units (the "Units") at a price of $2.50 per Unit. Each Unit is comprised of one Common A Share and one common share purchase warrant (a "Warrant"), each Warrant being exercisable to acquire one Common Share at a price of $0.50 per Common A Share for a period of one year.

- On November 23, 2018, the Company issued 1,279,265 class A Common Shares to settle an aggregate amount of debt totaling $639,633 for past services performed, loans, and management fees. All of the shares issued have been placed in escrow for a period of three years from the date of issuance. The shares were valued using the trading price ($0.50) on the date before the shares were issued.

- On November 23, 2018 the Company issued 2,000,000 Shares as a part of a share exchange. The shares were valued using the trading price ($0.50) on the date before the shares were issued. As part of this transaction a total loss of $1,000,000 was recorded on the consolidated statement of loss (Note 12).

(d) Escrow shares

During the year ended December 31, 2019, 1,915,200 class A common shares were deposited into escrow as part of the acquisition of Scoot-E brand (Note 9), 842,494 class A common shares were deposited into escrow as part of the acquisition of Loop s.a.l. (Note 11) and 2,210,073 class A common shares were deposited into escrow as part of the resignation agreement with the Company's former CEO and 2,865,080 class A common shares were released from escrow. The resulting balance of shares held in escrow as at December 31, 2019 is 3,783,339 (2018: 1,680,652)

(e) 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.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Stock Options (continued)

The continuity of the stock options for the year ended December 31, 2019 and year ended December 31, 2018 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2017	258,400	$	2.000
Granted	558,000		0.500
Forfeited	(136,400)		2.000
Balance, December 31, 2018	680,000	$	0.770
Granted	435,000		0.640
Forfeited	(235,000)		0.691
Balance, December 31, 2019	880,000	$	0.726

During the year ended December 31, 2019, the fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.40% to 1.96% an expected life of 5 years, an expected volatility of 90%, and no expected dividends. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information.

In January 2019, the Company issued 50,000 incentive stock options, with a life of approximately five years, exercisable at a price of $0.50 per Share, to a director of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date.

In March 2019, the Company issued 45,000 incentive stock options, with a life of approximately five years, exercisable at a price of $1.10 per Share, to employees of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date.

In July 2019, the Company issued 340,000 incentive stock options, with a life of approximately five years, exercisable at a price of $0.60 per Share, to directions and consultants of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date. Of these options issued, 250,000 options were granted to directors

During the year ended December 31, 2018, the fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 2.29% an expected life of 5 years, an expected volatility of 88%, and no expected dividends. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information.

In November 2018, the Company issued 478,000 incentive stock options, with a life of five years, exercisable at a price of $0.50 per Share, to directors, officers, employees and consultants of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date. Of these options issued, 300,000 options were granted to directors and officers.

An additional 30,000 incentive stock options, exercisable within five years at a price of $0.50 per share, have been granted pursuant to a one-year contract with a consultant to provide business development services for the Corporation. These options vest 12 months from the grant date.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

An additional 50,000 incentive stock options, exercisable within five years at a price of $0.50 per share, have been granted pursuant to a contract with a consultant to provide investor relations services to the Company. 25% of the options vest in 3 months from the grant date, with a further 25% vesting at the end of each three-month period thereafter.

Details of options outstanding and exercisable at December 31, 2019 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
92,000	92,000	$2.000	July 6, 2021	$2.000	1.52
403,000	141,200	$0.500	November 23, 2023	$0.500	3.90
45,000	-	$1.100	March 15, 2024	$1.100	4.21
340,000	-	$0.600	July 18, 2024	$0.600	4.55
880,000	233,200			$1.045	3.03

For the year ended December 31, 2019 the Company recorded stock-based compensation in the amount of $189,270 in respect of incentive stock options (2018 - $38,998).

(f) Warrants

The continuity of the warrants for the years ended December 31, 2019 and 2018 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	325,480	$ 1.780
Granted (1)	75,000	0.500
Granted (2)	6,395,000	0.750
Expired	(325,480)	0.750
Balance, December 31, 2018	6,470,000	$ 0.750
Granted (3)	195,582	0.500
Granted (4)	268,000	0.200
Exercised	(275,333)	0.682
Balance, December 31, 2019	6,658,249	$ 0.488

(1) On February 26, 2018, in connection with the Company's private placement, 75,000 broker warrants valued using Black-Scholes Option Pricing Model at $26,696 were issued, each warrant entitling the holder to acquire one class A Common Share at a price of $0.50 for two years. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.60%, an expected life of 1 year, an expected volatility of 142%, and no expected dividends.

(2) On November 28, 2019, the Company amended the exercise price from $0.75 per Share to $0.50 per Share. The warrants were issued in connection to a private placement that closed on November 23, 2018.

(3) On July 24, 2019 and September 23, 2019, in connection with a loan payable (Note 15) to the Company, 142,482 and 53,100 bonus warrants valued using Black-Scholes Option Pricing Model at $46,325 and $14,952 were issued respectively, each warrant entitling the holder to acquire one class A Common Share at a price of $0.50 for one year. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.50% to 1.57% an expected life of 1 year, an expected volatility of 184-186%, and no expected dividends.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(f) Warrants (continued)

(4) On December 12, 2019, in connection with the Company's private placement, 268,000 broker warrants valued using Black-Scholes Option Pricing Model at $35,811 were issued, each warrant entitling the holder to acquire one class A Common Share at a price of $3.70 for two years. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.71%, an expected life of 1 year, an expected volatility of 193%, and no expected dividends.

(e) Obligation to Issue Common Shares

Pursuant to Mr. Sukkarie's employment agreement a portion of his remuneration was agreed to be paid by the issuance of 75,000 class A common shares ("Compensation Shares"), 37,500 payable on or after June 30, 2016 and the remainder payable on or after December 31, 2016. During the year ended December 31, 2016 the Company issued 37,500 class A common shares valued $75,000 to Mr. Sukkarie.

(f) Performance Shares

Effective January 1, 2016 the Company amended its employment agreement with Mr. 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 75,000 common shares in two equal instalments. Further, Mr. Sukkarie shall be entitled to up to 349,999 common shares ("Performance Shares") subject to meeting the following performance criteria.

Aggregate number of cities to which 55 or more scooters of the Resulting Issuer are shipped	Number of Performance Shares to be issued
Three (3)	149,999
Six (6)	200,000
Total	**349,999**

The 349,999 class A common were issued during the year ended December 31, 2019 and stock-based compensation of $305,157 (2018- $212,352) was recognized in the consolidated statements of loss and comprehensive loss.

18. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the Years ended December 31, 2019	2018
Loss before income taxes	$ (5,530,641)	$ (2,734,003)
Tax recovery based on the statutory rate of 27%	(1,494,000)	(741,000)
Non-deductible items and other	428,382	255,000
Share issuance costs	(1,382)	-
Change in unrecognized deferred income tax assets	1,067,000	486,000
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

18. INCOME TAXES (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	For the Years ended December 31, 2019	2018
Non-capital loss carry-forwards	$ 3,360,000	$ 2,301,000
Share issuance costs	6,000	-
Capital assets	2,000	-
Unrecognized deferred tax assets	(3,368,000)	(2,301,000)
Net deferred tax asset	$ -	$ -

As at December 31, 2019, the Company has estimated non-capital losses of $12,298,348 (2018 - $6,805,000) for Canadian income tax purposes that may be carried forward to reduce taxable income expiring in various amounts starting from 2030 to 2039.

19. REVENUE

Revenue for the year ended December 31, 2019 was $29,634 (2018 -$nil) with $29,634 (2018 - $nil) from engineering services. Revenue for the year ended December 31, 2019 was derived 100% from Japan.

20. EXPENSES BY NATURE

For the Year Ended December 31, 2019

	General and Administration	Research and Development	Sales and Marketing
Office expense	$ 795,245	$ 41,347	$ -
Accounting and legal	185,648	-	-
Consulting	390,479	138,565	152,117
Personnel	203,641	217,562	30,487
Travel	111,170	3,091	4,118
Totals	$ 1,686,183	$ 400,565	$ 186,722

For the Year Ended December 31, 2018

	General and Administration	Research and Development	Sales and Marketing
Office expense	$ 163,470	$ 175,966	$ -
Accounting and legal	292,551	-	-
Consulting	178,825	419,766	122,130
Personnel	258,855	212,791	-
Travel	9,120	1,501	-
Totals	$ 902,821	$ 810,024	$ 122,130

21. 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 other receivables which represents the maximum credit risk for receivables.

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 December 31, 2019 the Company had a cash balance of $661,121 (2018 - $888,629) to settle current liabilities of $1,660,970 (2018 - $1,482,391).

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's sales are in US Dollars and the Company's manufacturing costs are largely denominated in US Dollars, providing a natural hedge against the risk of foreign exchange fluctuations. However due to long lead times for parts used in manufacturing the Company's products, the Company is exposed to the risk of foreign currency fluctuations over time. The Company is also exposed to fluctuations in foreign currencies through its operations in Japan. The Company monitors this exposure but has entered into no formal hedge agreements.

As at December 31, 2019 and 2018, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	December 31, 2019		**December 31, 2018**	
	US Dollars	Japanese Yen	US Dollars	Japanese Yen
Cash	20,971	5,632	38,497	115,001
Accounts receivable	-	85,654	15,000	1,219,121
Accounts payable	94,002	14,720,800	463,795	17,878,807
Total	114,973	14,812,086	517,292	19,212,929

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's cash is not subject to interest rate risk. The loans payable are not subject to interest rate risk as they are a fixed rate. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing or bearing fixed rates of interest.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its investment growth strategy, fund research and development, engage in sales and marketing activities, and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity and short term loans. The Company uses capital to finance operating losses, capital expenditures, and increases in non-cash working capital. The Company currently funds these requirements from cash raised through share issuances and short-term debt as required. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity help build its portfolio of successful ridesharing businesses from which it will obtain returns on investment.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. The Company did not institute any changes to its capital management strategy during the period.

Fair Value of Financial Instruments

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of the Company's cash constitutes a Level 1 fair value measurement. The fair value of the Company's receivables, due from (to) related parties, and accounts payable approximate the carrying value due to their short-term nature. The promissory notes and loan payable outstanding are recorded at amortized cost.

22. COMMITMENTS & CONTINGENCIES

At December 31, 2019 the Company had the following outstanding commitments:

Commitment	**Year ending December 31, 2020**
	$
Inventory - scooters	126,156

In order to ensure the Company is able to meet demand for its scooters, it enters into purchase commitments. The commitments are primarily made for parts with long lead times or high minimum order quantities. Purchase commitments for scooters not yet received are reported net of deposits made.

22. COMMITMENTS & CONTINGENCIES (continued)

At December 31, 2019 the Company has the following outstanding contingency:

On October 15, 2019, Mr. Sukkarie resigned as President & Chief Executive Officer of the Company. In connection with his resignation, the Company settled $460,000 in amounts owing to Mr. Sukkarie through the transfer of its 99.995% interest in Loop s.a.l. to Mr. Sukkarie which occurred effective October 15, 2019 (Note 11). As of October 15, 2019, the Company no longer has any ownership interest in Loop s.a.l.; however, Loop s.a.l. remains a Master Zone Operator of the Company for the territory that includes the Middle East, Africa and Cyprus. The Company is entitled to a share of the revenue of the operations of Loop s.a.l. The Company also agreed to certain other terms with Mr. Sukkarie in connection with his resignation including: (i) the vesting and issuance of his 349,999 performance shares (issued effective December 31, 2019); (ii) the repayment of a $95,000 loan provided by Mr. Sukkarie to the Company on December 31, 2019 (the "Sukkarie Loan"); and (iii) a payment of $291,000 (less the amount of US$146,000) (the "Sukkarie Payment"). Further pursuant to the terms of a Voluntary Escrow Agreement (the "Sukkarie Escrow Agreement"), Mr. Sukkarie was required to, among other obligations, deposit his common shares of the Company into escrow. The Company determined that Mr. Sukkarie had not complied with the Sukkarie Escrow Agreement and therefore did not make the payments for the Sukkarie Loan or the Sukkarie Payment on December 31, 2019.

23. SEGMENT REPORTING

The Company operates in one operating segment. Its primary operations include the development and commercialization of hardware and software that is installed on two wheel electric vehicles. During the year ended December 31, 2019, the Company had not commenced earning revenues from its scooter sharing operations. The Company's management evaluates the business of the Company in the aggregate, including capital requirements and expenditures.

The Company has operations in Vancouver, British Columbia and Tokyo, Japan. The Company's assets are held in Canada.

24. SUBSEQUENT EVENTS

On January 3, 2020, 1,645,000 incentive stock options, exercisable at a price of $0.40 per share, were granted to directors, officers, employees and consultants of the Company, 50% vesting on the grant date; and 50% vesting 12 months from the grant date. The options expire January 3, 2025.

On January 22, 2020, the Company restructured a bridge loan (Note 15) whereby $257,595 of the principal amount of the existing loan was converted into convertible debentures. The debentures have a maturity date of 3 years and bear interest at a rate of 10% per annum. The principal amount of the debentures are convertible into class A common shares at a conversion price of $0.385. An aggregate of 334,538 share purchase warrants were issued to in connection with the conversion. Each warrant is exercisable into one class A common share at an exercise price of $0.385 per warrant and expire on January 22, 2023.

On January 29, 2020, a shareholder exercised 50,000 warrants at an exercise price of $0.50 resulting in the issuance of 50,000 class A common shares.

On March 18, 2020, the Company entered into an inventory financing agreement in the form of newly issued convertible debentures with a principal amount of $300,000. The terms of the Debentures include: a maturity date of March 18, 2023; interest (the "Interest") at the rate of 10% per annum, which Interest will be payable on the Maturity Date, unless earlier converted; the principal amount of the Debenture is convertible into class A common shares of the Company (each, a "Share") at the option of the holder at a conversion price of $0.50 per Share; an aggregate of 600,000 detachable share purchase warrants (each a "Warrant") are issuable to the Lender.

24. SUBSEQUENT EVENTS (continued)

Each Warrant is exercisable into one additional Share (each, a "Warrant Share") at an exercise price of $0.50 per Warrant Share and expire on March 18, 2021; the accrued and unpaid Interest is convertible into Shares at a conversion price equal to the Market Price (as such term is defined in the Policies of the TSX Venture Exchange, at the time of such conversion.

Mr. Sukkarie has filed a Notice of Civil Claim in the Supreme Court of British Columbia against the Company and Saturna alleging an entitlement to the Sukkarie Loan ($95,000) and the Sukkarie Payment ($101,375.20), plus interest and costs. The Company filed a response to Mr. Sukkarie's Notice of Civil Claim on the basis that Mr. Sukkarie had failed to comply with the terms of the Sukkarie Escrow Agreement as he had not, as of December 31, 2019, deposited all of his common shares into escrow or otherwise fully complied with the terms of the Sukkarie Escrow Agreement.

In addition, the Company has filed a Counterclaim against Mr. Sukkarie on the basis that Mr. Sukakrie breached his fiduciary duty and common law duties owing to the Company, including the duties to act honestly and in good faith with a view to the best interests of the Company. The Counterclaim alleges that Mr. Sukkarie took steps to divert a corporate opportunity of the Company to himself or an entity under his control. The Counterclaim also alleges that Mr. Sukkarie breached the terms of a severance agreement by making disparaging comments about the Company's management to a third party. Further, the Counterclaim alleges that Mr. Sukkarie breached his Employment Agreement by disclosing confidential information of the Company to an unauthorized third party. In the Counterclaim, the Company is seeking damages for breach of contract, breach of fiduciary duty, plus interests and costs. At this time, the Company is unable to quantify the potential damages from the Counterclaim.

The outcome and timing of both the claim filed by Mr. Sukkarie and the Counterclaim by the Company are uncertain at this time.