Certive Solutions Inc.

Consolidated Financial Statements
(Expressed in U.S. Dollars)

For the years ended May 31, 2019 and 2018

	Page
CONSOLIDATED FINANCIAL STATEMENTS	

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Certive Solutions Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Certive Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flow, and the consolidated statement of changes in shareholders' deficit for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 consolidated 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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about Certive Solutions Inc.'s ability to continue as a going concern.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's discussion and analysis report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's discussion and analysis report prior to the date of this auditor's report. 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 in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statement information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

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 Mickey Goldstein.

Buckley Dodds LLP

Vancouver, British Columbia	Buckley Dodds LLP
September 27, 2019	Chartered Professional Accountants

Certive Solutions Inc.
Consolidated Statements of Financial Position as at
(Expressed in U.S. Dollars)

	Notes		May 31, 2019		May 31, 2018 (Note 11)
ASSETS					
Current assets					
Cash		$	64,150	$	19,980
Marketable securities	4		23,875		7,474
Receivables	5		399,968		292,239
Prepayments			43,873		-
Total current assets			531,866		319,693
Non-current assets					
Receivable from sale of KCA	11		112,851		-
Software development	10		294,657		372,933
Assets from discontinued operations	11		-		322,096
Total assets		$	939,374	$	1,014,722
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	12	$	1,752,088	$	2,629,869
Convertible debt	13		4,080,243		2,527,142
Short term loan	14,18		393,000		33,000
Note payable – current portion	7,18		200,000		250,000
Total current liabilities			6,425,331		5,440,011
Non-current liabilities					
Derivative liability	16		340,259		489,170
Note payable – long term portion	7,18		250,000		250,000
Total liabilities			7,015,590		6,179,181
Shareholders' deficit					
Share capital	15		22,148,804		21,030,282
Shares to be issued			-		98,525
Reserve - Transactions costs			(655,877)		(655,877)
Reserve - Share options			1,854,015		1,854,015
Reserve - Share warrants			760,095		760,095
Equity portion of convertible debt			668,827		424,833
Other equity instruments			-		840,000
Shares to be returned to treasury			(270,000)		-
Contributed surplus			766,829		766,829
Deficit			(31,348,909)		(30,283,161)
Total shareholders' deficit			(6,076,216)		(5,164,459)
Total deficit and liabilities		$	939,374	$	1,014,722

Nature of operations and going concern (Note 1)
Commitments (Note 21)
Subsequent events (Note 22)

APPROVED ON BEHALF OF THE BOARD:

"Tim Hyland" Director "Tom Marreel" Director

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

Certive Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss for the Years Ended
(Expressed in U.S. Dollars)

	Notes		May 31, 2019		May 31, 2018 (Note 11)
REVENUE					
Lost charge recovery revenue		$	**1,109,687**	$	**1,144,725**
OPERATING COSTS					
Contractor and consultant fees	18		**146,110**		**63,897**
Direct payroll and employee benefits	18		**949,630**		**823,518**
Travel to client sites			**1,162**		**5,330**
License fees			**165**		**150**
Total operating costs			**(1,097,067)**		**(892,895)**
Gross profit (loss)			**12,620**		**251,830**
EXPENSES					
Advisory board fees	18		**12,000**		**40,000**
Amortization	6, 10		**78,276**		**91,664**
Bank charges and interest			**758,107**		**440,899**
Consulting fees	18		**241,231**		**445,443**
Corporate finance	18		**16,000**		**80,300**
Directors' fees	18		**10,000**		**187,200**
Foreign exchange gain (loss)			**(108,072)**		**70,873**
General and administrative			**183,343**		**193,700**
Investor relations	18		**67,500**		**7,500**
Management fees	18		**173,000**		**570,000**
Professional fees	18		**345,984**		**323,028**
Rent			**248,364**		**251,074**
Salaries and wages	18		**827,744**		**788,598**
Sales and marketing			**1,204**		**943**
Transfer agent and filing fees			**33,156**		**38,016**
Travel and promotion			**68,185**		**143,748**
Total expenses			**(2,956,022)**		**(3,672,986)**
			(2,943,402)		**(3,421,156)**
Impairment of tradename	8		**-**		**(200,000)**
Impairment of goodwill	7		**-**		**(465,000)**
Impairment of customer list	9		**-**		**(480,000)**
Omega settlement	7		**-**		**(462,535)**
Foreign derivative recovery (expense)	16		**148,911**		**(220,463)**
Recovery of bad debts	4, 18		**-**		**236,358**
Gain from settlement / write-off of debt	18		**1,666,975**		**11,319**
Unrealized gain on marketable securities	4		**17,982**		**-**
			1,833,868		**(1,580,321)**
Loss from continuing operations			**(1,109,534)**		**(5,001,477)**
Income (loss) from discontinued operations	11, 18		**43,786**		**(162,451)**
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(1,065,748)**	$	**(5,163,928)**
Basic and diluted loss per common share		**$**	**(0.01)**	$	**(0.07)**
Weighted average number of common shares outstanding			**82,826,398**		**78,957,065**

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

Certive Solutions Inc.
Consolidated Statements of Cash Flow for the Years Ended
(Expressed in U.S. Dollars)

	May 31, 2019	May 31, 2018
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ **(1,065,748)**	$ **(5,163,928)**
Adjustments for		
Amortization	**78,726**	**91,664**
Shares and convertible debt issued for consulting fees	**57,772**	**-**
Accretion and transaction cost	**399,914**	**215,655**
Foreign derivative	**(148,911)**	**220,463**
Foreign exchange	**(11,312)**	**(723)**
Impairment of tradename	**-**	**200,000**
Impairment of goodwill	**-**	**465,000**
Impairment of customer list	**-**	**480,000**
Loss from Omega acquisition	**-**	**462,535**
Recovery of bad debt expense	**-**	**(236,358)**
Gain from settlement/write-off of debt	**(1,666,975)**	**(11,319)**
Unrealized gain marketable securities	**(17,982)**	**-**
Gain from sale of KCA	**(2,226)**	**-**
Changes in non-cash working capital:		
Receivables	**(107,729)**	**155,358**
Prepayments	**(43,873)**	**16,597**
Long-term investment	**(112,851)**	**-**
Deferred revenue	**-**	**98,007**
Accounts payable and accrued liabilities	**761,615**	**1,505,288**
Net cash used in operating activities	**(1,880,030)**	**(1,501,761)**
CASH FLOWS USED IN INVESTING ACTIVITIES		
Software technology development costs	**-**	**(24,597)**
Sale of discontinued operations	**-**	**100,000**
Net cash provided by investing activities	**-**	**75,403**
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Convertible debt	**1,707,000**	**1,062,500**
Short term loan	**267,200**	**5,741**
Re-payment of notes payable	**(50,000)**	**-**
Cash received from LiteLink	**-**	**240,000**
Net cash provided by financing activities	**1,924,200**	**1,308,241**
CHANGE IN CASH DURING THE YEAR	**44,170**	**(118,117)**
LESS CASH FROM DISCONTINUED OPERATIONS	**-**	**(161)**
CASH, BEGINNING OF YEAR	**19,980**	**138,258**
CASH, END OF YEAR	**$** **64,150**	$ **19,980**

Supplemental disclosure of cash flow information

Cash paid for interest and income taxes	$ -	$ -

Non-cash transactions affecting cash flows from financing and investing activities for the year ended May 31, 2019:

- the Company issued 7,850,720 shares valued at $172,255 in settlement of accounts payable of $1,081,281.
- the Company issued a $50,000 convertible note in exchange for consulting services.
- the Company issued 10,000,000 shares in conversion of a $600,000 promissory note for Omega's assets.
- the Company issued 1,300,000 shares valued at $240,000 in partial consideration for Omega's assets.
- the Company issued 274,326 shares valued at $7,772 for consulting services.

Non-cash transactions affecting cash flows from financing and investing activities for the year ended May 31, 2018:

- the Company transferred $148,140 from short-term debt to convertible notes
- the Company issued 1,666,700 shares valued at $55,319 as a transaction costs on convertible debt
- the Company has recorded $98,525 as a transaction cost on convertible debentures that were settled for issuance of 3,125,000 shares.

Certive Solutions Inc.
Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in U.S. Dollars)

	Capital Stock											
	Number of Shares	**Amount**	**Shares to be Issued**	**Reserve – Transaction Costs**	**Reserve – Share Options**	**Reserve – Warrants**	**Contributed Surplus**	**Other Equity Instruments**	**Shares to be Returned to Treasury**	**Equity Portion of Convertible Debt**	**Deficit**	**Total Deficit**
Balance as at May 31, 2017	**79,611,397**	$ **21,057,849**	$ **-**	$ **(612,593)**	$ **1,854,015**	$ **487,220**	$ **766,829**	$ **840,000**	$ **-**	**$ 300,715**	$ **(25,119,233)**	$ **(425,198)**
Shares returned to treasury on discontinuation of Titan	(2,240,667)	(82,886)	-	-	-	-	-	-	-	-	-	(82,886)
Shares for transaction costs on convertible debt	1,666,700	55,319	98,525	(15,691)	-	-	-	-	-	-	-	138,153
Warrants issued as transaction costs on convertible debt	-	-	-	(27,593)	-	272,875	-	-	-	-	-	245,282
Convertible debt issued	-	-	-	-	-	-	-	-	-	124,118	-	124,118
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(5,163,928)	(5,163,928)
Balance as at May 31, 2018	**79,037,430**	**21,030,282**	**98,525**	**(655,877)**	**1,854,015**	**760,095**	**766,829**	**840,000**	**-**	**424,833**	**(30,283,161)**	**(5,164,459)**
Convertible Debt Issued	-	-	-	-	-	-	-	-	-	243,994	-	243,994
Shares issued for prior convertible debt transaction cost	3,125,000	98,525	(98,525)	-	-	-	-	-	-	-	-	-
Shares issued for prior debt settlement	7,850,720	172,225	-	-	-	-	-	-	-	-	-	172,225
Shares issued for acquisition of Omega	11,300,000	840,000	-	-	-	-	-	(840,000)	-	-	-	-
Shares issued for consulting	274,326	7,772	-	-	-	-	-	-	-	-	-	7,772
Shares returned to treasury	(328,496)	-	-	-	-	-	-	-	-	-	-	-
Shares to be returned treasury	-	-	-	-	-	-	-	-	(270,000)	-	-	(270,000)
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(1,065,748)	(1,065,748)
Balance as at May 31, 2019	**101,258,980**	**$ 22,148,804**	**$ -**	**$ (655,877)**	**$ 1,854,015**	**$ 760,095**	**$ 766,829**	**$ -**	**$ (270,000)**	**$ 668,827**	**$ (31,348,909)**	**$ (6,076,216)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Certive Solutions Inc. (the "Company") was incorporated under the Laws of British Columbia and is traded on the Canadian Security Exchange ("CSE") and is quoted on the OTCQB in the United States. The Company provides revenue cycle management services to U.S. hospitals, delivered collaboratively, utilizing proprietary workflow document management and analytics tools tailored to health care business processes. The Company is currently focused on the denied claim segment of revenue cycle management and provides services to enhance the efficiency and effectiveness of denied claims recovery, in revenue sharing relationships that improve hospitals' net operating results.

The Company's mailing address is 1185 West Georgia Street, Suite 1140, Vancouver, BC V6E 4E6. The Company's records office is located at 7373 East Doubletree Ranch Road, Suite 210, Scottsdale, Arizona 85258.

The consolidated financial statements of the Company are presented in U.S. dollars, unless otherwise indicated, which is the functional currency of the Company.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. As at May 31, 2019, the Company has a working capital deficit of $5,893,465, a loss for the year of $1,065,748 and an accumulated deficit of $31,348,909.

Management of the Company does not expect that cash flows for the Company's operations will be enough to cover its operating requirements, financial commitments and business development priorities during the next twelve months. The Company will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months to fund operations. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of its operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance to International Financial Reporting Standards

These consolidated financial statements, including comparatives have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Consolidated Financial Statements" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit and loss, and available for sale, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were reviewed and approved and authorized for issue by the Board of Directors of the Company on September 27, 2019.

b) Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Actual results could differ from these estimates.

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgements and estimates (cont'd…)

Critical Judgements

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as previously discussed in Note 1, as well as determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined to be the U.S. dollar.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

i) Share-based payments

Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

ii) Useful lives of property and equipment and intangible assets

Estimates of the useful lives of property and equipment and intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factor and circumstances.

iii) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd…)

b) Significant accounting judgements and estimates (cont'd…)

Key Sources of Estimation Uncertainty (cont'd…)

iv) Carrying values of tangible and intangible assets

The Company assesses the carrying value of its tangible and intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumption and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

v) Discount rates used in convertible debentures

The Company calculates the liability portion of convertible debentures by calculating the present value of the loan and related interest, using a discount rate equal to the market rate that would be given for similar debt, without a conversion feature. Management determines this rate by assessing what rate the Company could borrow funds at from an unrelated party.

vi) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

c) Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company, and its subsidiaries is the U.S. dollar.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Details of the Company's subsidiaries are as follows:

Name	Place of incorporation	May 31, 2019 Interest %	May 31, 2018 Interest %	Principal activity
Certive Solutions Inc. (the parent company)	British Columbia, Canada	100%	100%	Management solutions
Certive Health Inc. (formerly Certive Technologies Arizona Inc.)	Arizona, United States	100%	100%	Management solutions
Omega Technology Solutions Inc. ("Omega")	Arizona, United States	100%	100%	Healthcare revenue cycle management solutions
Knowledge Capital Alliance, Inc. ("KCA") [(1)]	Delaware, United States	0%	100%	Performance management solutions for public health agencies
Advantive Information Systems Inc. ("AIS")	British Columbia, Canada	100%	100%	Dormant

(1) Knowledge Capital Alliance Inc. was sold on May 31, 2019 and recorded as discontinued operations for the years ended May 31, 2019 and 2018 (Note11).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

Capital assets

Capital assets are stated at cost less accumulated amortization and accumulated impairment losses. The cost of a capital asset consists of the purchase price, and costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located. Amortization is provided at rates calculated to write off the costs of the asset, less its estimated residual value. The capital assets of the Company consist primarily of furniture and fixtures and are amortized straight line over 2 years.

Intangible assets

Separately acquired intellectual property and technological assets are recorded at historical cost. Intellectual property and technological assets acquired in a business combination are recognized at fair value at the acquisition date. Technological assets have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the items over their estimated useful lives of 7 years.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated 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 June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for any assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

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.

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 consolidated 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 consolidated statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are never reclassified to profit or loss.

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 consolidated 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.

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 expired. 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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category
Cash	FVTPL
Marketable securities	FVTPL
Receivables	FVTPL
Accounts payable	Amortized cost
Convertible debt	Amortized cost
Short term loans	Amortized cost
Note payable	Amortized cost
Derivative liability	FVTPL

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities are measured at fair value using Level 1 inputs. The derivative liability has been measured at fair value using level 3 inputs (Note 16).

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue recognition

The Company adopted all the requirement s of IFRS 15 Revenue from Contracts and Customers ("IFRS 15") as of June 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow to recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

The following is the Company's new accounting policy for revenue from contracts with customers under IFRS 15:

The Company recognizes revenue when it has persuasive evidence of a contract with commercial substance, performance obligations have been identified and satisfied, payment items have been identified, and it is probable that the Company will collect the consideration it is entitled to.

Revenue from lost charge recovery services are recognized at the time such lost charges are reported to the hospital customers but are not billed to the hospital customers until the insurance company posts confirmation of payment to the hospital customer. Generally, invoices are rendered in the same month as the confirmation posting occurs.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign exchange

Transactions in currencies other than the U.S. dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, appropriate, and when circumstances indicate that the carrying value may be impaired.

Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future accounting pronouncements (cont'd…)

IFRS 16 – Leases, effective for annual periods beginning on or after January 1, 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Right-of-use assets will be measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The expected impact of this change in accounting policy is noted below.

For contracts entered into before June 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17 and IFRIC 4. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all of the risks and rewards of ownership of the underlying asset. The Company leases office space.

On transition, the Company will elect to apply the practical expedient to grandfather the determination of which contract is or contains a lease and will apply IFRS 16 to those contracts that were previously identified as leases. Upon transition to the new standards, lease liabilities will be measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at June 1, 2019. Right-of-use assets and lease liabilities will be recognized on the statement of financial position with the cumulative difference recognized in retained earnings.

For contracts entered into subsequent to June 1, 2019 at inception of the contract, the Company will assess whether a contract is, or contains a lease by evaluation if the contract conveys the right to control the use of the identified asset. For contracts that contain a lease, the Company will recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset will be initially measured at cost, which will comprise the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset will be subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of assets. This will replace the previous requirement to recognize a provision for onerous lease contracts.

The lease liability will initially be measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit on the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability will include payments for an optional renewal period, if any. If the Company is reasonably certain that it will exercise a renewal extension option, the liability will be measured at amortized cost using the effective interest method and will be remeasured when there is a change in the future of the lease payments or assessment of whether an extension or other option will be exercised. The lease liability will be subsequently adjusted for interest and lease payments. Interest expense will be included in the consolidated statement of earnings/deficit.

The Company will elect not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and will continue to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

4. MARKETABLE SECURITIES

During the year ended May 31, 2018, the Company reached a settlement agreement with LiteLink Technologies Inc. ("LiteLink"), a Company listed on the Canadian Stock Exchange, whereby the Company was to receive $240,000 in cash (received) and 160,000 shares of LiteLink, valued at $7,474 as at May 31, 2018, in settlement of all amounts owed to the Company by LiteLink. During the year ended May 31, 2018, the Company recorded a gain on recovery of bad debts of $236,358. (Note 18).

Cost		
Balance at May 31, 2017	$	-
Additions		7,474
Balance at May 31, 2018 and 2019		7,474
Adjustment to fair value		
Balance at May 31, 2017 and 2018		-
Unrealized gain		17,982
Balance at March 31, 2019		17,982
Monetary exchange as at May 31, 2018		-
Monetary exchange as at May 31, 2019		(1,581)
Net Book Value		
At May 31, 2018	$	7,474
At May 31, 2019	$	23,875

Subsequent to May 31, 2019, documents and communications have been obtained that the Company is reviewing for the purpose of disputing the propriety of the transaction that settled the loan amounts due from LiteLink that was booked in the year ending May 31, 2018.

5. RECEIVABLES

		May 31, 2019		May 31, 2018
GST input tax credits	$	7,871	$	6,797
Trade receivables		83,119		16,109
Work in progress		308,978		269,333
	$	399,968	$	292,239

The average credit period on rendering of services is between 30 to 45 days. No interest is charged on outstanding trade receivables.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

6. CAPITAL ASSETS

		Furniture and equipment
Cost		
Balance at May 31, 2017, 2018 and 2019	$	129,270
Accumulated Amortization		
Balance at May 31, 2017	$	123,020
Amortization for the year		6,250
Balance at May 31, 2018		129,270
Amortization for the year		-
Balance at May 31, 2019	$	129,270
Net Book Value		
At May 31, 2018	$	-
At May 31, 2019	$	-

7. GOODWILL AND NOTE PAYABLE

During the year ended May 31, 2016, the Company completed the acquisition of the assets of Omega Technology Solutions LLC., ("Omega"). In connection with the acquisition, the Company issued a convertible promissory note of $600,000 to the former owner of Omega. During the year ended May 31, 2017, this promissory note was converted into 10,000,000 shares to be issued and was recorded in other equity reserve as at May 31, 2017 and 2018. In addition, a further $240,000 was recorded in other equity reserve relating to 1,300,000 common shares to be issued to the former owner of Omega.

During the year ended May 31, 2019, the 11,300,000 shares to be issued were issued, and the resulting other equity reserve of $840,000 was transferred to share capital. (Note 15).

In connection with the acquisition, the Company recorded a goodwill of $465,000. During the year ended May 31, 2018, management of the Company assessed Omega (which it considers a CGU) for impairment and determined that it is not recoverable. As a result, the Company recorded an impairment on goodwill of $465,000.

During the year ended May 31, 2018, the Company and the former owner of Omega negotiated a further amount to be paid in connection with the acquisition of Omega. This amount was renegotiated further during the year ended May 31, 2019, which is discussed below.

During the year ended May 31, 2018, the Company has agreed to make a $500,000 payment, which will also be used as settlement for any amounts owed between the Company and the former owner of Omega as follows:

- $250,000 due on or before October 31, 2018 ($50,000 was paid during the year ended May 31, 2019)
- Payment of an additional $250,000 with the following terms:
  - Quarterly payments equal to 25% of net income from the Omega division; and
  - if the total amount of $250,000 is not paid by February 28, 2020, the remaining balance will be due on that date;
  - and no interest is to accrue during the pay-out period.

As a result of this renegotiation, the Company recorded a loss on the settlement of Omega of $462,535 during the year ended May 31, 2018. The loss was recorded as the difference of $500,000 and $37,465 which was owing to the former owner of Omega. (Note 18).

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

7. GOODWILL AND NOTE PAYABLE (cont'd…)

During the year ended May 31, 2019, the Company and Omega further restructured the payment terms. The Company agreed to make payments totalling $500,000, which when paid, will be full settlement of any amounts owed between the Company and the former owner of Omega's assets as follows:

- $50,000 to be paid during the year ended May 31, 2019; (paid)
- $50,000 to be paid in June 2019; (paid subsequent to year end) (Note 22)
- $50,000 to be paid on August 1, 2019;
- $50,000 to be paid on November 3, 2019; and
- $50,000 to be paid on February 29, 2020.
- With respect to remaining $250,000, 25% of Omega's net income will be paid quarterly starting March 1, 2019 and ending on August 31, 2020, when any remaining balance is due.

8. TRADE NAME

During the year ended May 31, 2016, the Company capitalized $200,000 for a trade name acquired upon the acquisition of Omega. During the year ended May 31, 2018, management of the Company assessed Omega (which it considers a CGU) for impairment and determined that it is not recoverable. As a result, the Company recorded an impairment on the trade name of $200,000.

9. CUSTOMER LIST

		Knowledge Capital Alliance Inc. ("KCA") (Note 11)		Omega Technology Solutions Inc.		Total
Balance, May 31, 2017	$	515,855	$	480,000	$	995,855
Impairment		-		(480,000)		(480,000)
Discontinued operations (Note 11)		(515,855)		-		(515,855)
Balance, May 31, 2018 and 2019	$	-	$	-	$	-

The Company considered Omega and KCA to be separate CGUs. The Company determined that Omega was impaired as at May 31, 2018 and determined that its recoverable amount was $Nil. As a result, the Company recorded an impairment $480,000 during the year ended May 31, 2018 in connection with Omega customer list. The KCA customer list was sold on May 31, 2019 (Note 11).

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

10. SOFTWARE DEVELOPMENT

		Software Development
Cost		
Balance at May 31, 2017	$	548,719
Additions		24,597
Balance at May 31, 2018		573,316
Additions		-
Balance at May 31, 2019	$	573,316
Accumulated Amortization		
Balance at May 31, 2017	$	114,969
Amortization		85,414
Balance at May 31, 2018		200,383
Amortization		78,276
Balance at May 31, 2019	$	278,659
Net Book Value		
At May 31, 2018	$	372,933
At May 31, 2019	$	294,657

11. DISCONTINUED OPERATIONS

During the year ended May 31, 2019, the Company entered into a sale agreement (the "Sale Agreement") to sell the stock of Knowledge Capital Alliance Inc. ("KCA") to its President (the "Purchaser") effective as of May 31, 2019. The terms of the Sale Agreement are as follows:

The Company sold the original 100 shares received in the acquisition of KCA to the Purchaser for $1,200,000 (the "Purchase Price"). As such, all assets, liabilities and business of KCA were transferred to the Purchaser by the Company effective as of May 31, 2019 and relinquished any rights or interest in the operating results of KCA that are earned on or after June 1, 2019. The 100 shares of stock in Knowledge Capital Alliance Inc. will remain in safekeeping with a Trustee until the terms of the Sale Agreement are fulfilled.

The Purchase Price is made up as follows:

- The Purchaser will transfer 900,000 shares of the Company back to the Company, at a value of $270,000. These shares were received by the Company subsequent to year end and then returned to treasury (Note 22);
- Cash in the amount of $930,000 to be paid in monthly installments of net revenues as follows:

Annualize net revenue	Monthly percentage payment
Less than $400,000	3.0%
$400,000 - $499,999	5.0%
$500,000 - $750,000	7.5%
$750 001 - $1,000,000	10.0%
$1,000,001 - $2,000,000	12.5%
Greater than $2,000,000	15.0%

- Following the final and full payment of $930,000, an on-going royalty of 5.0% of the net revenues shall be paid by the Purchaser to the Company on a quarterly basis for a period of 36 months.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

11. DISCONTINUED OPERATIONS (cont'd…)

In the event that KCA is sold by the Purchaser prior to the payment of $930,000, the remainder of the payment will be due to the Company, in addition to 15% of the excess purchase price over $930,000.

The Company has determined, based on the net revenues of KCA, that it will not collect the full $930,000. As a result, the Company has calculated that the amount receivable to be $112,851, based on a 5-year cash flow projection, using a discount rate of 20%, and 5-year projected revenues of KCA.

The gain on disposition of KCA was calculated as follows:

Consideration received:		
900,000 shares to be returned to treasury	$	270,000
Cash to be received		112,851
Total consideration		382,851
Net assets sold:		
Cash		(308)
Customer list		(515,855)
Receivables		(130,861)
Accounts payable and accrued liabilities		(159,042)
Short-term loans		19,358
Deferred Revenue		88,269
Net assets sold		(380,355)
Gain on disposition of KCA	$	2,496

The revenues and expenses of KCA have been determined to be a discontinued operation by the Company as at May 31, 2019, and as a result, have been disclosed separately on the statement of loss and comprehensive loss for the years ended May 31, 2019 and 2018**.**

Revenues and expenses of KCA are as follows:

		Year ended May 31, 2019		Year ended May 31, 2018
REVENUE				
Consulting revenue	$	355,599	$	213,171
Dashboard sales		296,117		78,339
		651,716		291,510
OPERATING COSTS				
Commission		102,738		48,297
Contractors and consultant fees		319,765		198,754
Direct payroll and employee benefits		161,951		140,309
		(584,454)		(387,360)
Gross Profit (Loss)		67,262		(95,850)
EXPENSES				
Bank charges and interest		8,726		7,159
General and administrative		10,740		16,499
Professional fees		5,840		5,544
Sales and marketing		-		9,967
Travel and promotion		666		27,432
		(25,972)		(66,601)
Gain on disposition of KCA		2,496		-
Income (loss) from discontinued operations	$	43,786	$	(162,451)

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

11. DISCONTINUED OPERATIONS (cont'd…)

Net assets of KCA as at May 31, 2018 are as follows:

		May 31, 2018
Assets:		
Cash	$	161
Receivables		53,725
Customer lists		515,855
		569,741
Liabilities:		
Accounts payable and accrued liabilities		43,312
Deferred revenue		98,007
Short term loan		106,326
		247,645
Net assets	**$**	**322,096**

The net cash flows attributable to the discontinued operation for the years ended May 31, 2019 and 2018 are as follows:

		May 31, 2109		May 31, 2018
Net cash used in operating activities:	$	71,068	$	66,302
Net cash provided by financing activities:		(70,921)		(66,141)
Decrease in cash from discontinued operations for the year	$	147	$	161

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		May 31, 2019		May 31, 2018
Accounts payable (Note 18)	$	503,880	$	1,711,654
Accrued liabilities		769,019		594,919
Payroll liabilities		479,189		323,296
	$	1,752,088	$	2,629,869

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

13. CONVERTIBLE DEBT

As at May 31, 2019, the Company had the following convertible debt:

Description		Face value		Liability		Transaction costs		Total liability
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 5% per annum.	CDN$	30,000	$	22,383	$	-	$	22,383
Past due convertible note, convertible at CDN$0.50 per unit, with each unit consisting of one common share, and one common share purchase warrant, exercisable at CDN$0.55 for one year, accruing interest at 8% per annum.	CDN$	423,000		315,600		-		315,600
Past due convertible note, convertible at CDN$0.10 per share, accruing interest at 12% per annum.	CDN$	10,000		7,461		-		7,461
Past due convertible note, convertible at CDN$0.25 per share, accruing interest at 10% per annum.	CDN$	400,000		298,440		-		298,440
Past due convertible note, convertible at CDN$0.15 per share, accruing interest at 18% per annum.	CDN$	700,000		522,270		-		522,270
Mature in July 2019, convertible at $0.03 per share, accruing interest of 15% per annum	$	100,000		99,909		-		99,909
Mature in July 2019, convertible at $0.06 per share, accruing interest of 18% per annum	$	50,000		49,921		-		49,921
Mature in November 2019, convertible at $0.04 per share, accruing interest of 10% per annum	$	90,000		87,599		-		87,599
Mature in February 2020, convertible at $0.06 per share, accruing interest of 8% per annum	$	40,000		35,252		-		35,252
Mature in February 2020, convertible at $0.05 per share, accruing interest of 8% per annum	$	50,000		47,378		-		47,378
Mature in February 2020, convertible at CDN$0.04 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	375,000		268,453		(74,996)		193,457
Mature in February 2020, convertible at CDN$0.06 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	CDN$	400,000		286,873		(41,078)		245,795
Mature in February 2020, convertible at $0.15 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	$	250,000		239,883		(2,708)		237,175
Mature in February 2020, convertible at $0.03 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	$	105,000		100,666		(13,318)		87,348
Mature in February 2020, convertible at $0.05 per share, accruing interest of 10% per annum until the maturity date, and 18% per annum thereafter	$	50,000		47,974		(3,936)		44,038
Mature in February 2020, convertible at $0.05 per share, accruing interest of 10% per annum	$	50,000		47,974		(3,936)		44,038
Mature in February 2020, convertible at $0.06 per share, accruing interest of 10% per annum	$	82,500		79,158		(1,158)		78,000
Mature in March 2020, convertible at $0.03 per share, accruing interest of 10% per annum	$	50,000		47,599		-		47,599
Mature in April 2020, convertible at $0.03 per share, accruing interest of 10% per annum	$	50,000		47,626		-		47,626
Mature in June 2020, convertible at $0.03 per share, accruing interest of 10% per annum	$	50,000		47,422		-		47,422
Mature in February 2021, convertible at $0.06 per share, accruing interest of 8% per annum	$	245,000		214,717		-		214,717
Mature in March 2021, convertible at $0.06 per share, accruing interest of 8% per annum	$	445,000		391,419		-		391,419
Mature in April 2021, convertible at $0.06 per share, accruing interest of 8% per annum	$	966,651		841,452		-		841,452
Mature in May 2021, convertible at $0.06 per share, accruing interest of 8% per annum	$	85,000		73,944		-		73,944
			$	4,221,373	$	(141,130)	$	4,080,243

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

13. CONVERTIBLE DEBT (cont'd…)

During the year ended May 31, 2019, the Company had the following convertible debt transactions:

- The Company cancelled convertible notes of $702,500 and accrued interest of $39,165 and issued new convertible notes in the amount of the cancelled principal plus accrued interest of $741,665. The change in value due to the amendments was recorded in the statement of loss and comprehensive loss, in gain from settlement/write-off of debt. As a result of the amendments, the Company recorded a gain of $50,727, and an increase to the equity portion of the convertible debts of $52,398 during the year ended May 31, 2019. The carrying value of the amended loans were calculate using a weighted average discount rate of 15%, being the interest rate that would be available to the Company on similar instruments without a conversion option.

- The Company received $1,707,000 in cash and $50,000 in consulting services for the issue of convertible notes. The liability portion of the notes was determined to be $1,565,404, using a weighted average discount rate of 15.5%, being the interest rate that would be available to the Company on similar instruments without a conversion option. The equity portion was calculated to be $191,596.

- The Company settled a convertible note of $363,078 (CDN$400,000, plus accrued interest of CDN$87,222) for a, interest free note of $90,000, due to be repaid by December 1, 2019. As a result, the Company recorded a gain on settlement of debt of $273,078, which is recorded in the statement of loss and comprehensive loss for the year ended May 31, 2019. The $90,000 is included in short-term loan (Note 14).

On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at the time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. The difference is attributed to the equity component of the compound financial instrument. These notes have all been classified as current liabilities, since they can be converted at any time at the option of the lender.

As at May 31, 2019 and 2018, the Company has the following convertible notes outstanding:

		May 31, 2019		May 31, 2018
Convertible notes overdue	$	1,166,154	$	699,060
Convertible notes due within 12 months of year end		1,486,265		1,028,194
Convertible notes due after 12 months from year end		1,568,954		1,211,801
Transaction costs and bond discounts		(141,130)		(411,913)
	$	4,080,243	$	2,527,142

During the year ended May 31, 2018, the Company issued the following convertible notes:

- The Company converted an advance of $157,640 (CDN$200,000), made on June 15, 2017 into a convertible promissory note on February 28, 2018, maturing on February 26, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into 3,333,334 common shares of the Company. Of the total amount of the convertible note, $17,240 was recorded as the equity component of the loan, and $140,400 was recorded as a liability, using an effective interest rate of 15%. In addition, the Company issued 3,333,400 warrants exercisable into common shares of the Company at a price of CDN$0.06 expiring on February 26, 2020. These warrants were valued at $38,721 using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of these transaction costs, $4,235 was recorded as an equity component of the transaction costs, with the remainder amortized over the term of the loan. In addition, 666,700 shares valued at $24,691 were issued to the lender of this note and recorded as transaction costs. Of these transaction costs, $2,700 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

13. CONVERTIBLE DEBT (cont'd…)

- The Company converted an advance of $157,640 (CDN$200,000), made on June 15, 2017 into a convertible promissory note on February 28, 2018, maturing on February 28, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into 3,333,334 common shares of the Company. Of the total amount of the convertible note, $17,240 was recorded as the equity component of the loan, and $140,400 was recorded as a liability, using an effective interest rate of 15%. In addition, the Company issued 3,333,334 warrants exercisable into common shares of the Company at a price of CDN$0.06 expiring on February 26, 2020. These warrants were valued at $38,721 using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of these transaction costs, $4,235 was recorded as an equity component of the transaction costs, with the remainder amortized over the term of the loan in addition, 1,000,000 shares valued at $30,628 were issued to the lender of this note and recorded as transaction costs. Of these transaction costs, $3,350 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted an advance of $45,000 made in July 2017 into a convertible promissory note on February 28, 2018 maturing on February 26, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price of $0.03 per share at the option of the lender. Of the total amount of the convertible note, $4,403 was recorded as the equity component of the loan, and $40,597 was recorded as a liability. The Company issued 1,500,000 warrants exercisable into common shares of the Company at a price of $0.06 expiring on February 26, 2020 valued at $16,872 for this note. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the total value of the transaction costs, $1,651 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted advances of $82,500 made on August 15, 2017 into convertible promissory notes on February 28, 2018 maturing on February 26, 2020. The notes bear interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all the notes. The notes are convertible into common shares of the Company at a price of $0.06 per share at the option of the lender. Of the total amount of the convertible notes, $8,073 was recorded as the equity component of the loans, and $74,427 was recorded as a liability, using an effective interest rate of 15%. The Company issued 750,000 warrants, exercisable into common shares of the Company at a price of $0.06 expiring on February 26, 2020, valued at $8,436 for these notes. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the total value of the transaction costs, $826 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted an advance of $60,000 made on August 15, 2017 into a convertible promissory note on February 28, 2018 maturing on February 28, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price of $0.03 per share at the option of the lender. Of the total amount of the convertible note, $5,871 was recorded as the equity component of the loan, and $54,129 was recorded as a liability. The Company issued 2,000,000 warrants, exercisable into common shares of the Company at a price of $0.06 expiring on February 26, 2020, valued at $22,496 for this note. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the total value of the transaction costs, $2,201 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

13. CONVERTIBLE DEBT (cont'd…)

- The Company converted an advance of $50,000 made on October 4, 2017, from the current officer and director of the Company, into a convertible promissory note on February 26, 2018 maturing on February 26, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price of $0.05 per share at the option of the lender. Of the total amount of the convertible note, $4,893 was recorded as the equity component of the loan, and $45,107 was recorded as a liability. The Company issued 1,000,000 warrants, exercisable into common shares of the Company at a price of $0.05 expiring on February 26, 2020, valued at $11,636 for this note. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the total value of the transaction costs, $1,139 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted an advance of $295,575 (CDN$375,000), made on October 16, 2017 into a convertible promissory note on February 28, 2018, maturing on February 26, 2020. This loan was issued at a discount, with the Company receiving $279,335 (CDN$350,000). The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into 9,375,000 common shares of the Company. Of the total amount of the convertible note, $28,923 was recorded as the equity component of the loan, and $266,652 was recorded as a liability, using an effective interest rate of 15%. The Company is to issue 3,125,000 shares valued at $98,525 to the lender of this note and have been recorded as transaction costs. Of these transaction costs, $9,641 was recorded as the equity component, with the remained to be amortized over the term of the note. In addition, the Company issued 9,375,000 warrants, exercisable into common shares of the Company at a price of CDN$0.04 expiring on February 26, 2020, valued at $116,354 for this note. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the value of these transaction costs, $12,167 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted an advance of $50,000 made on November 2, 2017 into a convertible promissory note on February 28, 2018 maturing on February 26, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price of $0.05 per share at the option of the lender. Of the total amount of the convertible note, $4,893 was recorded as the equity component of the loan, and $45,107 was recorded as a liability. The Company issued 1,000,000 warrants, exercisable into common shares of the Company at a price of $0.05 expiring on February 26, 2020, valued at $11,636 for this note. These warrants were valued using the Black Scholes option pricing model with an expected volatility of 185.24%, discount rate of 1.78%, expected life of 2 years, and a dividend rate of 0%. Of the total value of the transaction costs, $1,139 was recorded as a cost of the equity component of the convertible note. The remainder was recorded against the liability portion of the note and will be amortized over the term of the note.

- The Company converted an advance of $90,000 made on November 24, 2017 into a convertible promissory note on November 24, 2017 maturing on November 24, 2019. The note bears interest at 10% per annum payable at maturity, calculated semi-annually up to and including the term of the note. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price of $0.04 per share at the option of the lender. Of the total amount of the convertible note, $8,806 was recorded as the equity component of the loan, and $81,194 was recorded as a liability, using an effective interest rate of 15%.

13. CONVERTIBLE DEBT (cont'd…)

- Convertible promissory note of $50,000 on March 26, 2018 with a maturity date of March 26, 2020. The note bears interest at 10% per annum payable at maturity, calculated semi-annually. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price of $0.03 per share at the option of the lender. Of the total amount of the convertible note, $4,893 was recorded as the equity component of the loan, and $45,107 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $100,000 on March 28, 2018, from a current officer and director of the Company, maturing on February 28, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $5,854 was recorded as the equity component of the loan, and $94,146 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $25,000 on March 29, 2018 maturing on March 1, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $1,445 was recorded as the equity component of the loan, and $23,555 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $25,000 on March 29, 2018 maturing on February 28, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $1,604 was recorded as the equity component of the loan, and $23,396 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $25,000 on March 30, 2018, from a current member of the Company's advisory council, maturing on March 30, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $1,449 was recorded as the equity component of the loan, and $23,551 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $50,000 on April 20, 2018 maturing on April 20, 2020. The note bears interest at 10% per annum, calculated semi-annually. The Company shall not be penalized for early repayment of any, or all of the note. The note is convertible into common shares of the Company at a price of $0.03 per share at the option of the lender. Of the total amount of the convertible note, $4,893 was recorded as the equity component of the loan, and $45,107 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $25,000 on May 4, 2018, from a current director of the Company, maturing on March 30, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $1,739 was recorded as the equity component of the loan, and $23,261 was recorded as a liability, using an effective interest rate of 15%.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

13. CONVERTIBLE DEBT (cont'd…)

- Convertible promissory note of $7,500 on May 21, 2018, from a current director of the Company, maturing on April 21, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $435 was recorded as the equity component of the loan, and $7,065 was recorded as a liability, using an effective interest rate of 15%.

- Convertible promissory note of $25,000 on May 31, 2018, from a current director of the Company, maturing on April 30, 2019. The note bears simple interest at 8% per annum. The Company shall not be penalized for early repayment of any, or all the note. The note is convertible into common shares of the Company at a price the higher of $0.06 per share or a 25% discount to the price per share on the date of conversion, at the option of the lender. Of the total amount of the convertible note, $1,464 was recorded as the equity component of the loan, and $23,526 was recorded as a liability, using an effective interest rate of 15%.

During the year ended May 31, 2018, the Company modified terms for certain convertible notes that were issued during the year ended May 31, 2017:

- For convertible notes of $150,000 issued in May 2017, the Company extended the maturity of these notes to February 28, 2020, and issued 525,000 warrants valued at $4,802.

- For a convertible note of $100,000 issued to an advisory board member of the Company, the Company extended the maturity of the note to February 28, 2020, and issued 350,000 warrants valued at $,3201.

14. SHORT-TERM LOANS

The loans are made of the following:

		May 31, 2019		May 31, 2018
Loans from related parties (Note 18)[(1)]	$	95,000	$	25,000
Loans from other entities [(2)]		298,000		8,000
	$	393,000	$	33,000

[(1)] As at May 31, 2019, these short-term loans to related parties, $25,000 are non-interest-bearing advances to the Company, due on demand, while the remaining $70,000 have an interest rate of 12% and are due on demand.
[(2)] As at May 31, 2019, these short-term loans from other parties, $98,000 are non-interest-bearing advances to the Company, due on demand, while the remaining $200,000 have an interest rate of 12% and are due on demand.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

15. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and outstanding

During the year ended May 31, 2019, the Company had the following share transactions:

- An investor returned 328,496 shares to the Company which were shares returned to treasury. The Company did not issue any consideration for the shares and no gain or loss was recorded.
- The Company issued the 3,125,000 shares that were to be issued from a prior year, valued $98,525 as transaction costs on convertible notes.
- The Company issued 274,326 shares valued at $7,772 for consulting fees.
- The Company issued 11,300,000 shares valued at $840,000 for acquisition of Omega’s assets, that were previously recorded as other equity reserves (Note 7).
- The Company issued 7,850,720 shares, valued at $172,225 as settlement of accounts payable with a value of $1,081,281 due to certain current and former vendors, consultants, employees and officers & directors, which was previously recorded in accounts payable. As a result, $909,056 was recorded as a gain on the settlement of debt. (Note 18).
- The Company has 900,000 shares to be returned to Treasury, valued at $270,000 in connection with the sale of KCA (Note11). These shares were returned to treasury subsequent to year end (Note 22).

During the year ended May 31, 2018, the Company had the following share transactions:

- The Company issued 1,666,700 shares valued at $55,319 as transaction costs on convertible notes.
- 2,240,667 shares valued at $82,886 were returned to treasury as part of a prior discontinued operation.
- The Company recorded $98,525 for 3,125,000 shares to be issued as transaction costs on convertible debentures.

b) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants		Weighted Average Exercise Price
Outstanding, May 31, 2017	10,424,593	$	0.26
Issued	23,166,734		0.05
Expired	(1,333,333)		0.35
Outstanding, May 31, 2018	32,257,994		0.10
Expired	(9,091,260)		0.22
Outstanding, May 31, 2019	23,166,734	$	0.05

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

15. SHARE CAPITAL (cont'd…)

b) Share purchase warrants (cont'd…)

As at May 31, 2019, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
6,666,734	CDN$0.06	0.74	February 26, 2020
9,375,000	CDN$0.04	0.74	February 26, 2020
2,000,000	$0.05	0.74	February 26, 2020
4,250,000	$0.06	0.74	February 26, 2020
875,000	$0.15	0.74	February 26, 2020
23,166,734	$0.05	0.74	

c) Stock options

The Company's Stock Option Plan is a 20% rolling plan that allows a maximum 20% of the issued shares to be reserved for issuance under the plan. Options granted under the plan may not have a term exceeding 10 years and vesting provisions are at the discretion of the Board of Directors.

The following is a summary of stock option activities during the years ended May 31, 2019 and 2018:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, May 31, 2018, and May 31, 2017	11,102,493	$0.19
Expired	(5,493,785)	CDN$0.25
Issued	4,400,000	CDN $0.05
Outstanding May 31, 2019	10,008,708	$0.13

At May 31, 2019, the following stock options were outstanding to directors, officers and employees:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
3,008,708	3,008,708	CDN$0.25	1.59	December 31, 2020
500,000 (1)	500,000	CDN$0.25	0.25	July 20, 2019
400,000 (1)	-	CDN$0.05	0.25	August 29, 2019
2,100,000	2,100,000	$0.22	2.29	September 13, 2021
4,000,000	-	CDN$0.05	9.67	January 29, 2029
10,008,708	5,608,708	$0.13	4.85	

(1) During the period ended May 31, 2019 these stock options were removed from the tranches expiring on December 31, 2020, and January 31, 2029, due to the cessation of certain directors, and hence their expiry dates were accelerated. Those options expired unexercised subsequent to the year ended May 31, 2019.

The Company recognizes compensation expense for all stock options granted using the fair value-based method of accounting.

On January 29, 2019, the Company granted 4,400,000 of stock options to the Company's executive management and independent directors exercisable at CDN$0.05 for 10 years. Of these options, 200,000 stock options granted to independent directors vest on January 29, 2020 and the Company did not record any share-based compensation as the amount to be recorded in the current period is insignificant. The remaining 4,200,000 of stock options granted to executive management will vest only if the Company's share price sustains at or above $0.30 for a 45-consecutive day period on a volume weighted basis prior to January 29, 2021. The Company determined that the probability of achieving this share price is nil and as a result has not recorded any share-based compensation in connection with these options.

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

16. DERIVATIVE LIABILTY

The derivative liability consists of the fair value of non-compensatory share purchase warrants and convertible notes that have an exercise price or a conversion price that differs from the functional currency of the Company.

Details of the derivative liability as at May 31, 2019 is as follows:

Expiration Date	Exercise price	Number of securities exercisable/convertible		Fair value as at May 31, 2019
February 26, 2020	CDN$0.06	6,666,734	$	131,958
February 26, 2020	CDN$0.04	9,375,000		208,301
		16,041,734	$	340,259

These securities were valued using the Black Scholes option pricing model with a weighted average expected volatility of 214%, discount rate of 1.65%, expected life of 0.75 years, and a dividend rate of 0%.

Details of the derivative liability as at May 31, 2018 is as follows:

Expiration Date	Exercise price	Number of securities exercisable/convertible		Fair value as at May 31, 2018
November 30, 2018	CDN$0.50	2,635,015	$	20,409
November 30, 2018	CDN$0.60	254,722		1,816
March 23, 2019	CDN$0.15	2,666,667		38,729
January 23, 2019	CDN$0.15	4,666,667		64,356
January 23, 2019	CDN$0.15	2,500,000		34,477
November 21, 2018	CDN$0.15	1,600,000		18,654
February 26, 2020	CDN$0.06	6,666,734		126,163
February 26, 2020	CDN$0.04	9,375,000		184,566
		30,364,805	$	489,170

These securities were valued using the Black Scholes option pricing model with a weighted average expected volatility of 266.05 %, discount rate of 1.87%, expected life of 1.22 years, and a dividend rate of 0%.

17. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		May 31, 2019		May 31, 2018
Loss for the year	$	($1,065,748)	$	(5,163,928)
Statutory rate		25%		26%
Expected income tax recoverable at statutory rate		(266,437)		(1,290,982)
Adjustment to prior year’s provision vs statutory tax return, and other		(546,247)		(180,655)
Permanent differences		(64,115)		(2,840)
Change in unrecognized deductible temporary differences		876,799		1,474,477
Total income tax recovery	$	-	$	-

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

17. INCOME TAXES (cont'd…)

The significant components of the Company`s deferred tax assets and liabilities are as follows:

		May 31, 2019		May 31, 2018
Temporary Differences				
Intangible assets	$	-	$	(128,964)
Share issuance costs		5,600		8,400
Marketable securities		(2,050)		-
Software		(73,664)		(93,233)
Debt with accretion		1,020,061		631,786
Non-capital losses available for future period		4,533,971		4,189,130
		5,483,918		4,607,119
Unrecognized deferred tax asset		(5,483,918)		(4,607,119)
Net deferred tax asset	$	-	$	-

The deferred tax assets have not been recognized in these consolidated financial statements as it is not probable that they will be realized.

The significant components of the Company`s unrecognized temporary differences and tax losses are as follows:

		May 31, 2019	Expiry Date Range		May 31, 2018
Temporary Differences					
Share issuance costs	$	22,000	2040 – 2041	$	34,000
Debt with accretion	$	4,000,000	No expiry	$	2,527,000
Non-capital losses available for future period – Canada	$	6,442,000	2031 – 2039	$	5,579,105
Non-capital losses available for future period – USA	$	11,694,000	2032 – 2039	$	11,177,895

Tax attributes are subject to review, and potential adjustment by tax authorities.

18. RELATED PARTY TRANSACTIONS

Balances and transactions between the Parent Company and its consolidated subsidiaries, which are related parties of the Parent, have been eliminated on consolidation and are not disclosed in this note.

The Company's related parties consist of its Directors, Key Management Personals ("KMPs") and companies owned in whole or in part by KMPs and directors as follows:

Name	Position and nature of relationship
Bridge Business Development	Company controlled by former director
InteliHealth	Company controlled by advisory council member
SMA Group, LLC	Company controlled by key management personnel
Miller and Associates Environmental Consultants Inc.	Company controlled by the corporate secretary
Hyland Property Management Services LLC	Company controlled by key management personnel
Tim Hyland	Director and officer, and former advisory council member
Tom Marreel	Director, officer, and former advisory council member
Jeff Wareham	Director
Jack Saltich	Director
Scott Thomas	Director
Brian Cameron	Former director and former officer
Mike Miller	Corporate secretary
Susan Miller	Spouse of the corporate secretary
Fredrick Erickson	Key management personnel
Ann Fierro	Key management personnel
Van Potter	Former director and former officer
Jeff Benton	Advisory council member
Arthur Pelberg	Advisory council member
Bob Uxa	Advisory council member
Jack Chapman	Advisory council member
Steve Schramm	Advisory council member
Don Gilbert	Advisory council member
Joey Petelle	Advisory council member

For the years ended May 31, 2019 and 2018 (Expressed in U.S. Dollars)

18. RELATED PARTY TRANSACTIONS (cont'd…)

The amounts due to the related parties are as follows as at:

	Nature of relationship		May 31, 2019		May 31, 2018
Account payable (Note 12)	Former directors, key management personnel	$	126,873	$	490,158
Accounts payable (Note 12)	Directors, key management personnel, and companies controlled by these parties,	$	45,900	$	548,445
Convertible loans – face value (Note 13)	Directors	$	606,372	$	207,500
Convertible loans – face value (Note 13)	Advisory board member	$	533,112	$	125,000
Convertible loans – face value (Note 13)	Former director and officer	$	55,000	$	-
Notes payable (Note 7)	Key management personnel	$	450,000	$	500,000
Short-term loans payable included in net assets from discontinued operations (Note 11)	Former key management personnel	$	Nil	$	106,326
Short-term loans payable (Note 14)	Former director and former officer	$	25,000	$	25,000
Short-term loans payable (Note 14)[1]	Directors and key management	$	70,000	$	-

[1] These short-term loans payable are due on demand and have an interest rate of 12% per annum.

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost. There is no other remuneration of directors or other members of key management personnel during the years ended:

		May 31, 2019		May 31, 2018
Management fees	$	173,000	$	570,000
Salaries to key management personnel, included in operating costs and expenses		347,412		282,341
Salaries to key management personnel, included in discontinued operations		161,951		140,310
Commissions, included in discontinued operations		-		48,297
Contractors, included in operating costs		-		63,897
Consulting fees		176,054		174,945
Directors' fees		10,000		187,200
Investor relations fees		67,500		-
Professional fees		138,534		-
Advisory board fees to a former advisory board member, and current director.		12,000		40,000
Corporate finance fee to an advisory board member, and directors		16,000		80,300
Total	$	1,102,451	$	1,587,290

During the year ended of May 31, 2019, there was a recovery of accounts payable of $969,544 due to related parties as a result of debt settlement agreements.

During the year ended May 31, 2018, the Company reached a settlement agreement with LiteLink, whereby the Company was to receive $240,000 in cash (received), plus 160,000 shares from LiteLink valued at $7,474 as of May 31, 2018 in settlement of all amounts owed the Company by LiteLink. As a result, the Company recorded a gain on recovery of bad debts of $236,358 during the year ended May 31, 2018. (Note 4).

19. MANAGEMENT OF CAPITAL

The Company considers its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the year ended May 31, 2019.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable, convertible debt, short-term loans, notes payable, and derivative liability.

The fair value of cash and marketable securities are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of convertible debt and derivative liability is measured on the statement of financial position using level 3 of the fair value hierarchy. The fair values of receivables, accounts payable, and short-term loans and notes payable approximate their book values because of the short-term nature of these instruments. The fair value of the long-term portion of the note payable approximates its carrying value.

Financial instrument risk exposure

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk, which includes currency risk, interest rate risk and price risk.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash and receivables. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. In addition, the Company affords credit to customers with which it is believes it will collect payment. The Company does not believe it has a material exposure to credit risk.

20. FINANCIAL INSTURMENTS AND RISK MANAGEMENT (cont'd…)

Financial instrument risk exposure (cont'd…)

b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through the management of its capital structure as described in Note 19. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's accounts payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates, and commodity and equity prices

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the United States dollar as the Company's main center of operations is the United States. As at May 31, 2019, the Company has approximately CDN$2,960,000 of financial liabilities denominated in Canadian dollars. A 10% change in exchange rate would result in a change to loss and comprehensive loss of approximately $218,000.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of interest rate risk on its notes payable is minimal, as these have a short-term to maturity, and a fixed interest rate.

(iii) Price risk

The Company is not exposed to significant price risk as it does not hold significant investments in publicly traded securities. The Company's price risk is limited to the value of its marketable securities.

21. COMMITMENTS

The Company has office leases in Arizona and Florida, which expire on July 31, 2020 and March 31, 2020, with the future minimum lease payments as follows:

Payments required to May 31, 2020	$	197,053
Payments required to May 31, 2021		5,796
	$	202,849

In addition to the minimum rental charges above, the Company is responsible for its share of taxes, utilities and common area expenses.

22. SUBSEQUENT EVENTS

- The Company received $240,000 from the issuance of convertible promissory notes, including $80,000 of those being from two advisory council members, $50,000 in exchange for consulting services by an advisory council member and $60,000 from an officer of the Company.

- The Company made a $50,000 payment on June 13, 2019 to the former owner of Omega's assets pursuant to the restructured payment terms of the amended Asset Purchase Agreement (Note 7).

- The Company received of $177,000 in short term-demand loans from officers of the Company bearing simple interest of 12% per annum.

- The Company received a non interest bearing advance from management personnel in the amount of $51,000.

- On August 8, 2019, an officer of the Company exercised 1,000,000 warrants for $50,000.

- On August 14, 2019, the Company returned to treasury 900,000 shares of its common stock received from the sale of Knowledge Capital Alliance Inc. (Note 11).

- On August 22, 2019, two debt holders of the Company exercised 750,000 warrants for $45,000.