



Certive Solutions Inc.

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

As at and for the three-month period ended August 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS

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No Auditor Review of the Condensed Consolidated Interim
Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Certive Solutions Inc. (the “Company”), as at and for the three-month period ended August 31, 2019 have been prepared by management and have not been the subject of a review by the Company’s external independent auditors.

Certive Solutions Inc.

Vancouver, British Columbia
October 29, 2019

Certive Solutions Inc.

Condensed consolidated interim statements of financial position as at:
(Unaudited - Expressed in U.S. Dollars)

	Notes	August 31, 2019	May 31, 2019
ASSETS			
Current assets			
Cash		\$ 12,155	\$ 64,150
Marketable securities	4	10,054	23,875
Receivables	5	517,394	399,968
Prepayments		12,500	43,873
Total current assets		552,103	531,866
Non-Current Assets			
Right-of-use assets	17	195,686	-
Receivable from sale of KCA	6	112,215	112,851
Software development	9	275,088	294,657
Total assets		\$ 1,135,092	\$ 939,374
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 1,997,225	\$ 1,752,088
Convertible debt	11	4,366,484	4,080,243
Short term loans	12	536,000	393,000
Note payable – current portion	7	150,000	200,000
Lease liability – current portion	17	128,050	-
Total current liabilities		7,177,759	6,425,331
Non-current liabilities			
Derivative liability	14	375,752	340,259
Note payable – long term portion	7	250,000	250,000
Lease liability - long term portion	17	69,782	-
Total liabilities		7,873,293	7,015,590
Shareholders' Equity (Deficit)			
Share capital		21,994,000	22,148,804
Reserve – Transaction costs		(655,877)	(655,877)
Reserve – Share options		1,854,015	1,854,015
Reserve – Share warrants	13	740,023	760,095
Equity portion of convertible debt		698,030	668,827
Shares to be returned to treasury	13	-	(270,000)
Contributed surplus		766,829	766,829
Deficit		(32,135,221)	(31,348,909)
Total shareholders' deficit		(6,738,201)	(6,076,216)
Total shareholders' deficit and liabilities		\$ 1,135,092	\$ 939,374

Nature of operations and going concern (Note 1)

Subsequent events (Note 19)

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

Certive Solutions Inc.

Condensed consolidated interim statements of loss and comprehensive loss for the three-months ended:
(Unaudited - Expressed in U.S. Dollars)

	Notes	August 31, 2019	August 31, 2018 (Note 6)
REVENUE			
Loss charge recovery revenue		\$ 329,786	\$ 196,616
OPERATING COSTS			
Contractors and consulting fees	15	40,965	33,788
Direct payroll and employee benefits	15	231,318	168,998
Travel to client sites		881	-
Licence fees		150	165
Total operating costs		273,314	202,951
Gross profit		56,472	(6,335)
EXPENSES			
Amortization	9	19,569	19,750
Depreciation	17	54,232	-
Bank charges and interest		236,774	184,015
Consulting fees	15	65,500	48,400
Corporate finance	15	-	4,000
Directors' fees	15	-	10,000
Foreign exchange		18,698	(40,107)
General and administrative		61,480	36,652
Management fees	15	12,000	-
Professional fees	15	76,907	89,495
Rent		-	65,578
Salaries and wages	15	230,176	179,338
Sales and marketing		4,376	-
Transfer agent and filing fees		5,611	5,031
Travel and promotion		7,567	4,000
Total expenses		(792,890)	(606,152)
		(736,418)	(612,487)
Foreign derivative recovery (expense)	14	(35,494)	8,964
Unrealized gain (loss) on marketable securities	4	(14,400)	10,994
		(49,894)	19,958
Loss from continuing operations		(786,312)	(592,529)
Loss from discontinued operations	6	-	(20,960)
Net loss and comprehensive loss for the period		\$ (786,312)	\$ (613,489)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)
Weighted average number of common share outstanding		101,425,284	78,957,065

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

Certive Solutions Inc.

Condensed consolidated interim statements of cash flows for the three-months ended:

(Unaudited - Expressed in U.S. Dollars)

	August 31, 2019	August 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (786,312)	\$ (613,489)
Items not affecting cash:		
Amortization and depreciation	73,801	19,570
Accrued interest and accretion	195,200	35,372
Amortization of finance costs	96,929	78,702
Foreign derivative	35,494	(8,964)
Foreign exchange	(289,987)	(45,355)
Unrealized gain on marketable security	14,400	(10,994)
Non-cash working capital item changes:		
Receivables	(116,790)	963
Prepaid and other assets	31,373	-
Accounts payable and accrued liabilities	245,137	183,705
Net cash used in operating activities	<u>(500,755)</u>	<u>(360,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from KCA	636	-
Net cash used in investing activities	<u>636</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term loan	143,000	395,000
Proceeds from convertible debt	210,000	-
Proceeds from warrants exercised	95,124	-
Net cash from financing activities	<u>448,124</u>	<u>395,000</u>
Net change in cash during the period	(51,995)	34,510
Cash, beginning of the period	64,150	19,980
Cash, end of the period	\$ 12,155	\$ 54,490
Cash (paid) received for		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

Non-cash transactions affecting cash flows from financing and investing activities for the three months ended August 31, 2019:

- The Company returned 900,000 shares to treasury valued at \$270,000 (Note 13).
- The Company issued a \$50,000 convertible note in exchange for consulting services.

Certive Solutions Inc.

Condensed consolidated interim statements of changes in equity for the three-months ended August 31, 2019 and 2018:

(Unaudited - Expressed in U.S. Dollars)

	Capital Stock			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
	Number of Shares	Amount	Shares to be Issued									
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	-	-	-	-	-	-	-	-	-	18,997	-	18,997
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(613,489)	(613,489)
Balance as at August 31, 2018	79,037,430	\$ 21,030,282	\$ 98,525	\$ (655,877)	\$ 1,854,015	\$ 760,095	\$ 766,829	\$ 840,000	\$ -	\$ 433,830	\$ (30,896,650)	\$ (5,758,951)
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)
Convertible debt issued	-	-	-	-	-	-	-	-	-	29,203	-	29,203
Shares returned to treasury	(900,000)	(270,000)	-	-	-	-	-	-	270,000	-	-	-
Exercise of warrants	1,750,000	115,196	-	-	-	(20,072)	-	-	-	-	-	95,124
Loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(786,312)	(786,312)
Balance as at August 31, 2019	102,108,980	\$ 21,994,000	\$ -	\$ (655,877)	\$ 1,854,015	\$ 740,023	\$ 766,829	\$ -	\$ -	\$ 698,030	\$ (32,135,221)	\$ (6,738,201)

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

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

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 August 31, 2019, the Company has a working capital deficit of \$6,625,656, a loss for the three months ended of \$786,312 and an accumulated deficit of \$32,135,221.

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.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION

a) Statement of compliance to International Financial Reporting Standards

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, Interim Financial Reporting and using the same accounting policies and methods of computation as the Company’s most recent annual consolidated financial statements. The condensed consolidated financial statements do not include all the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2019.

The accounting policies followed by the Company are as set out in the audited financial statements for the year ended May 31, 2019 and have been consistently followed in the preparation of these condensed consolidated financial statements.

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. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

These condensed consolidated financial statements were reviewed and approved and authorized for issue by the Board of Directors of the Company on October 29, 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.

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:

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd...)

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

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.

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.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

2. BASIS OF PRESENTATION (cont'd...)

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

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.

vii) Right of Use Assets

On adoption of IFRS 16, the Company recognized the lease liabilities which was previously classified as operating leases under IAS 17. The liabilities were measured as the present value of the remaining lease payments and using discount rate of 15%. The Company currently has two office leases that now have been classified as finance leases effective as at June 1, 2019.

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	August 31, 2019 Interest %	May 31, 2019 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%	0%	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 and quarter ended August 31, 2018.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

3. NEW AND FUTURE ACCOUNTING POLICIES

a.) New Standards Adopted

IFRS 16 – Leases. 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.

On transition, the Company elected 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 were 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 are recognized on the statement of financial position with the cumulative difference recognized in retained earnings.

4. MARKETABLE SECURITIES

Cost	
At May 31, 2018 and 2019 and August 31, 2019	\$ 7,474
Adjustment to fair value	
At May 31, 2018	-
Unrealized gain	17,982
At May 31, 2019	17,982
Unrealized loss	(14,400)
At August 31, 2019	3,582
Monetary exchange	
At May 31, 2018	-
At May 31, 2019	(1,581)
At August 31, 2019	(1,002)
Net Book Value	
At May 31, 2019	\$ 23,875
At August 31, 2019	\$ 10,054

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

5. RECEIVABLES

	August 31, 2019	May 31, 2019
GST input tax credits	\$ 8,202	\$ 7,871
Trade receivables	92,336	83,119
Work in progress	416,856	308,978
	\$ 517,394	\$ 399,968

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

6. 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);
- 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.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

6. 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 as at May 31, 2019:

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 three months ended August 31, 2018.

Revenues and expenses of KCA for the three months ended August 31, 2018 are as follows:

	Three months ended August 31, 2018	
REVENUE		
Consulting revenue	\$	42,904
Dashboard sales		40,440
		83,344
OPERATING COSTS		
Commission		26,319
Contractors and consultant fees		35,931
Direct payroll and employee benefits		36,601
		(98,851)
Gross Profit (Loss)		(15,507)
EXPENSES		
Bank charges and interest		2,315
General and administrative		2,254
Professional fees		671
Travel and promotion		213
		(5,453)
Gain on disposition of KCA		-
Income (loss) from discontinued operations	\$	(20,960)

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

(Unaudited - Expressed in U.S. Dollars)

6. DISCONTINUED OPERATIONS (cont'd...)

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

	August 31, 2018
Assets:	
Cash	\$ 71
Receivables	81,236
Customer lists	515,855
	597,162
Liabilities:	
Accounts payable and accrued liabilities	50,508
Deferred revenue	133,743
Short term loan	86,314
	270,565
Net assets	\$ 326,597

The net cash flows attributable to the discontinued operation for the three months ended August 31, 2018 are as follows:

	August 31, 2018
Net cash used in operating activities:	\$ 8,343
Net cash provided by financing activities:	(8,434)
Decrease in cash from discontinued operations for the year	\$ (91)

7. NOTE PAYABLE

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 on May 31, 2019; (paid)
- \$50,000 to be paid on August 31, 2019 (past due);
- \$50,000 to be paid on November 30, 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.

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

*(Unaudited - Expressed in U.S. Dollars)***8. IMPAIRED ASSETS**

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 of \$480,000 in connection with Omega's customer list and \$200,000 in connection with Omega's trade name during the year ended May 31, 2018. An assessment will be made at each reporting date to determine whether the previous impairment of Omega no longer exists or has decreased. The KCA customer list was sold on May 31, 2019.

9. SOFTWARE DEVELOPMENT

	Software Development	
<u>Cost</u>		
Balance at May 31, 2018	\$	573,316
Additions		-
Balance at May 31, 2019 and August 31, 2019	\$	573,316
<u>Accumulated Amortization</u>		
Balance at May 31, 2018	\$	200,383
Amortization		78,276
Balance at May 31, 2019		278,659
Amortization		19,569
Balance at August 31, 2019	\$	298,228
<u>Net Book Value</u>		
At May 31, 2019	\$	294,657
At August 31, 2019	\$	275,088

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2019		May 31, 2019	
Accounts payable	\$	596,348	\$	503,880
Accrued liabilities		947,089		769,019
Payroll and payroll tax liabilities		453,788		479,189
	\$	1,997,225	\$	1,752,088

CERTIVE SOLUTIONS INC.

Notes to condensed consolidated interim financial statements

As at and for the three-months ended August 31, 2019

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11. CONVERTIBLE DEBT

As at August 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	\$ 22,566	\$ -	\$ 22,566
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	318,180	-	318,180
Past due convertible note, convertible at CDN\$0.10 per share, accruing interest at 12% per annum.	CDN\$ 10,000	7,522	-	7,522
Past due convertible note, convertible at CDN\$0.25 per share, accruing interest at 10% per annum.	CDN\$ 400,000	300,880	-	300,880
Past due convertible note, convertible at CDN\$0.15 per share, accruing interest at 18% per annum.	CDN\$ 700,000	526,540	-	526,540
Mature in July 2019, convertible at \$0.03 per share, accruing interest of 15% per annum	\$ 100,000	100,000	-	100,000
Mature in July 2019, convertible at \$0.06 per share, accruing interest of 18% per annum	\$ 50,000	50,000	-	50,000
Mature in November 2019, convertible at \$0.04 per share, accruing interest of 10% per annum	\$ 90,000	88,817	-	88,817
Mature in February 2020, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 40,000	35,887	-	35,887
Mature in February 2020, convertible at \$0.05 per share, accruing interest of 8% per annum	\$ 50,000	48,238	-	48,238
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	274,691	(47,468)	227,223
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	291,619	(31,140)	260,479
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	243,132	(1,805)	241,327
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	102,031	(8,879)	93,152
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	48,622	(2,624)	45,998
Mature in February 2020, convertible at \$0.05 per share, accruing interest of 10% per annum	\$ 50,000	48,622	(2,624)	45,998
Mature in February 2020, convertible at \$0.06 per share, accruing interest of 10% per annum	\$ 82,500	80,227	(772)	79,455
Mature in March 2020, convertible at \$0.03 per share, accruing interest of 10% per annum	\$ 50,000	48,230	-	48,230
Mature in April 2020, convertible at \$0.03 per share, accruing interest of 10% per annum	\$ 50,000	48,259	-	48,259
Mature in June 2020, convertible at \$0.03 per share, accruing interest of 10% per annum	\$ 50,000	48,074	-	48,074
Mature in February 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 245,000	218,557	-	218,557
Mature in March 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 445,000	397,775	-	397,775
Mature in April 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 966,651	855,081	-	855,081
Mature in May 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 85,000	75,127	-	75,127
Mature in June 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 100,000	87,398	-	87,398
Mature in August 2021, convertible at \$0.06 per share, accruing interest of 8% per annum	\$ 110,000	95,721	-	95,721
		\$ 4,461,796	\$ (95,312)	\$ 4,366,484

CERTIVE SOLUTIONS INC.

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11. CONVERTIBLE DEBT (cont'd...)

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 August 31, 2019 and May 31, 2019, the Company has the following convertible notes outstanding:

	August 31, 2019	May 31, 2019
Convertible notes overdue	\$ 1,325,688	\$ 1,166,154
Convertible notes due within 12 months of period end	1,406,060	1,486,265
Convertible notes due after 12 months from period end	1,730,048	1,568,954
Transaction costs and bond discounts	(95,312)	(141,130)
	\$ 4,366,484	\$ 4,080,243

During the three-month period ended August 31, 2019, the Company issued the following convertible notes:

- Convertible promissory note of \$50,000 on June 1, 2019, from a current director of the Company, maturing on June 1, 2021. 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, \$6,954 was recorded as the equity component of the loan, and \$43,046 was recorded as a liability, using an effective interest rate of 15%.
- Convertible promissory note of \$30,000 on July 11, 2019, from a current director of the Company, maturing on July 11, 2021. 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, \$4,172 was recorded as the equity component of the loan, and \$25,828 was recorded as a liability, using an effective interest rate of 15%.
- Convertible promissory note of \$20,000 on July 19, 2019, from a current director of the Company, maturing on July 19, 2021. 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, \$2,781 was recorded as the equity component of the loan, and \$17,219 was recorded as a liability, using an effective interest rate of 15%.
- Convertible promissory note of \$50,000 on August 21, 2019, from a current director of the Company, maturing on August 21, 2021. 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, \$6,953 was recorded as the equity component of the loan, and \$43,047 was recorded as a liability, using an effective interest rate of 15%.
- Convertible promissory note of \$30,000 on August 23, 2019, from a current director of the Company, maturing on August 23, 2021. 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, \$8,343 was recorded as the equity component of the loan, and \$51,657 was recorded as a liability, using an effective interest rate of 15%.

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12. SHORT-TERM LOANS

The loans are made of the following:

	August 31, 2019	May 31, 2019
Loans from related parties (Note 15) ⁽¹⁾	\$ 202,000	95,000
Loans from other entities ⁽²⁾	334,000	298,000
	\$ 536,000	393,000

⁽¹⁾ As at May 31, 2019, of these short-term loans from 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. As at August 31, 2019, of these short-term loans from related parties, \$25,000 are non-interest-bearing advances to the Company, due on demand, while the remaining \$177,000 have an interest rate of 12% and are due on demand.

⁽²⁾ As at May 31, 2019, of 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. As at August 31, 2019, of these short-term loans from other parties, \$134,000 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.

13. SHARE CAPITAL

a) Common stock

Authorized

Unlimited common shares without par value.

Issued and outstanding

During the three-months ended August 31, 2018, the Company had no share capital transactions.

During the three-months ended August 31, 2019, the Company had the following share transactions:

- The Company returned to treasury 900,000 shares valued at \$270,000.
- The Company issued 1,750,000 shares through exercised warrants for \$95,124.

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, May 31, 2018	32,257,994	\$ 0.10
Expired	(9,091,260)	0.22
Outstanding, May 31, 2019	23,166,734	0.05
Exercised	(1,750,000)	0.05
Outstanding, August 31, 2019	21,416,734	\$ 0.05

CERTIVE SOLUTIONS INC.

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*(Unaudited - Expressed in U.S. Dollars)***13. SHARE CAPITAL (cont'd...)**

As at August 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	.49	February 26, 2020
9,375,000	CAD\$0.04	.49	February 26, 2020
1,000,000	\$0.05	.49	February 26, 2020
3,500,000	\$0.06	.49	February 26, 2020
875,000	\$0.15	.49	February 26, 2020
21,416,734	\$0.05	.49	

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 summarizes the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, May 31, 2018	11,102,493	\$0.19
Granted	4,400,000	CDN\$0.05
Expired ⁽¹⁾	(5,493,785)	\$0.20
Outstanding, May 31, 2019	10,008,708	\$0.13
Expired ⁽²⁾	(900,000)	\$0.13
Outstanding, August 31, 2019	9,108,708	\$0.13

(1) Of the 5,493,785 options that expired during the year ended May 31, 2019, 1,558,708 expired due to accelerated expiry terms due to the cessation of a former officer and director.

(2) Of the 900,000 options that expired during the quarter ended August 31, 2019, 400,000 expired due to accelerated expiry terms due to the cessation of a former key manager and 500,000 expired due to accelerated expiry a year after the death of the former Chairman and CEO.

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

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
4,058,708	4,058,708	CDN\$0.25	1.34	December 31, 2020
1,050,000	1,050,000	\$0.22	2.04	September 13, 2021
4,000,000	-	CDN\$0.05	9.42	January 29, 2029
9,108,708	5,108,708	\$0.13	4.60	

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, 400,000 expired on August 29, 2019 due accelerated expiry terms due the cessation of a former key manager. 3,800,000 of the 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. 200,000 of the stock options were granted to independent directors and will vest at the time of the next AGM.

CERTIVE SOLUTIONS INC.

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*(Unaudited - Expressed in U.S. Dollars)***14. DERIVATIVE LIABILITY**

The derivative financial 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 August 31, 2019 and May 31, 2019 is as follows:

As at August 31, 2019:

Expiration Date	Exercise price	Number of securities exercisable/convertible	Fair value as at August 31, 2019
February 26, 2020	CDN\$0.06	6,666,734	\$ 145,360
February 26, 2020	CDN\$0.04	9,375,000	230,392
		16,041,734	\$ 375,752

These securities were valued using the Black Scholes option pricing model with a weighted average expected volatility of 251%, discount rate of 1.50%, expected life of 0.5 years, and a dividend rate of 0%.

As at May 31, 2019:

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%.

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15. 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.

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

<u>Name</u>	<u>Position and nature of relationship</u>
Bridge Business Development	Company controlled by former officer and 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 officer and director
Tim Hyland	Director, 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 officer and director
Mike Miller	Corporate secretary
Susan Miller	Spouse of the corporate secretary
Fredrick Erickson	Former key management personnel
Ann Fierro	Key management personnel
Van Potter	Former officer and director
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

The amounts due (to) or from the related parties are as follows:

	<u>Nature of relationship</u>	<u>August 31, 2019</u>	<u>May 31, 2019</u>
Account payable (Note 10)	Former directors, key management personnel	\$ 85,062	\$ 126,873
Accounts payable (Note 10)	Directors, key management personnel, and companies controlled by these parties,	\$ 61,900	\$ 45,900
Convertible loans – face value (Note 11)	Directors	\$ 666,372	\$ 606,372
Convertible loans – face value (Note 11)	Advisory board member	\$ 535,004	\$ 533,112
Convertible loans – face value (Note 11)	Former officer and director	\$ 55,000	\$ 55,000
Notes payable (Note 7)	Key management personnel	\$ 400,000	\$ 450,000
Short-term loans payable (Note 12)	Former officer and director	\$ 25,000	\$ 25,000
Short-term loans payable (Note 12)	Directors and key management	\$ 177,000	\$ 70,000

CERTIVE SOLUTIONS INC.

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15. RELATED PARTY TRANSACTIONS (cont'd...)

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 three months ended August 31, 2019 and 2018 are as follows:

	August 31, 2019	August 31, 2018
Management fees	\$ 12,000	\$ -
Salaries to key management personnel, included in operating costs and expenses	48,979	53,125
Salaries to key management personnel, included in discontinued operations	-	34,000
Consulting fees	65,500	48,400
Directors' fees	-	10,000
Professional fees	76,907	89,495
Corporate finance fee to an advisory board member, and directors	-	4,000
Total	\$ 203,386	\$ 239,020

16. MANAGEMENT OF CAPITAL

The Company considers its common shares, stock options and share purchase warrants as capital. 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 three months ended August 31, 2019.

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17. LEASES

The Company has two lease agreements for its leased office premises. For Certive Solutions Inc., the lease agreement will expire on May 31, 2022. For Omega Technology Solutions Inc., the lease agreement will expire on March 31, 2020 and the Company plans to move to a new location after the expiry of the current lease term. Prior to June 1, 2019, leases of office premises were classified as operating leases.

At June 1, 2019, the leases were recognized as a right-of-use asset and a corresponding liability was measured at the present value of the remaining lease payments using the Company's incremental borrowing rate of 15% and the lease terms of 3 years and 10 months respectively. The right-of-use asset is depreciated over the lease terms on a straight-line basis.

Right-of-use assets

	Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Cost					
Balance at June 1, 2019 and August 31, 2019	\$	95,738	\$	154,180	\$ 249,918
Accumulated depreciation					
Balance at June 1, 2019	\$	-	\$	-	\$ -
Depreciation		7,978		46,254	54,232
Balance at August 31, 2019	\$	7,978	\$	46,254	\$ 54,232
Net Book Value					
June 1, 2019	\$	95,738	\$	154,180	\$ 249,918
August 31, 2019	\$	87,760	\$	107,926	\$ 195,686

Lease Liability

	Certive Solutions Inc.		Omega Technology Solutions Inc.		Total
Balance at June 1, 2019	\$	95,738	\$	154,180	\$ 249,918
Interest		2,156		3,061	5,217
Payments		(8,587)		(48,716)	(57,303)
Balance at August 31, 2019	\$	89,307	\$	108,525	\$ 197,832
August 31, 2019					
Lease liability – current portion			\$		125,994
Lease liability – non-current portion					71,838
Total			\$		197,832

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18. 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 derivative liability and lease 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 the lease liability is measured on the statement of financial position using level 2 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 believes it will collect payment. The Company does not believe it has a material exposure to credit risk.

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.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

(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 in the United States. As at August 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.

19. SUBSEQUENT EVENTS

- The Company received \$30,000 from the issuance of a convertible promissory note from an advisory council member.
- The Company received \$70,000 in short term-demand notes from an officer and director of the Company and \$50,000 from an advisory council member bearing simple interest of 12%.
- The Company received a non-interest-bearing advance of \$50,000 from a debt holder of the Company.
- On October 21, 2019, a debt holder exercised 1,000,000 warrants for \$50,000.
- On October 29, 2019, the Board approved the October 31, 2019 Offering Closing of the approximately \$2M capital raise made through two-year 8% convertible promissory notes convertible at the greater of \$0.06/share or a 15%-25% discount (dependent on the share price) off of the share price at the close of the market on the day of conversion.
- On October 29, 2019, the Board approved a new Offering to raise \$700,000 through 2-year 10% convertible promissory notes convertible into 5M shares at \$0.14/share.