LANEBURY GROWTH CAPITAL LTD.
Vancouver, BC

Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

LANEBURY GROWTH CAPITAL LTD.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Lanebury Growth Capital Ltd. are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized, and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the financial statements prior to their submission to the Board of Directors for approval.

"*Lance Tracey*"
President and Chief Executive Officer

"*Sheri Rempel*"
Chief Financial Officer

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lanebury Growth Capital Ltd.

Opinion

We have audited the financial statements of Lanebury Growth Capital Ltd. (the "Company"), which comprise the statement of financial position as at June 30, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended June 30, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on October 10, 2018.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 20, 2019

LANEBURY GROWTH CAPITAL LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		June 30, 2019		June 30, 2018
ASSETS					
Current assets					
Cash and cash equivalents	3	$	1,355,108	$	3,766,164
Marketable securities	4		-		235,000
Warrants	4		-		38,016
Loans receivable and accrued interest	5		-		428,672
Receivables			10,489		12,094
			1,365,597		**4,479,946**
Non-current assets					
Wind assets	7		1		1
Loan receivable and accrued interest	5		641,471		-
Equity investments	4		875,446		-
Safe investment	6		1,308,700		-
			2,825,618		1
TOTAL ASSETS		**$**	**4,191,215**	**$**	**4,479,947**
LIABILITIES					
Current liabilities					
Trade payables and other payables	9	$	21,332	$	17,678
TOTAL LIABILITIES			**21,332**		**17,678**
SHAREHOLDERS' EQUITY					
Share capital	8		5,010,001		5,010,001
Reserve	8		109,254		-
Accumulated other comprehensive income			-		56,332
Deficit			(949,372)		(604,064)
TOTAL SHAREHOLDERS' EQUITY			**4,169,883**		**4,462,269**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**4,191,215**	**$**	**4,479,947**

Nature and continuance of operations (Note 1)
Subsequent event (Note 13)

Approved and authorized for issue by the Company's Board of Directors on December 20, 2019.

"Lance Tracey" — Lance Tracey, Director

"Sheri Rempel" — Sheri Rempel, Director

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

LANEBURY GROWTH CAPITAL LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note		Years ended June 30, 2019		2018
Expenses					
Management and consulting fees	9	$	16,191	$	13,155
Office and sundry			1,110		1,579
Professional fees	9		37,612		33,978
Share-based payments	8,9		109,254		-
Transfer agent and filing fees			15,464		31,786
			(179,631)		(80,498)
Other items					
Foreign exchange loss	6		(12,300)		-
Interest income	3,5		96,008		96,042
Interest expense			-		(63,943)
Fair value loss on investments	4		(141,000)		-
Equity loss on investments	4		(132,626)		-
Gain (loss) on derivatives	4		(32,091)		18,676
Impairment provision on loan receivable	5		-		(378,435)
Net loss			(401,640)		(408,158)
Other comprehensive income					
Unrealized gain on marketable securities	4		-		70,500
Net loss and comprehensive loss for the year		**$**	**(401,640)**	**$**	**(337,658)**
Loss per share – basic and diluted		**$**	**(0.04)**	**$**	**(0.17)**
Weighted average number of common shares outstanding			**10,320,803**		**2,465,877**

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

LANEBURY GROWTH CAPITAL LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Note	Share capital		Accumulated other comprehensive income (loss)	Reserve	Deficit	Total
		Number of shares	Amount				
Balance at June 30, 2017		1,987,470	$ 10,001	$ (14,168)	$ 19,601	$ (235,317)	$ (219,883)
Equity portion of loan		-	-	-	19,810	-	19,810
Private placement	8	8,333,333	5,000,000	-	-	-	5,000,000
Repayment of loan		-	-	-	(39,411)	39,411	-
Unrealized gain on marketable securities	4	-	-	70,500	-	-	70,500
Net loss for the year		-	-	-	-	(408,158)	(408,158)
Balance at June 30, 2018		**10,320,803**	**5,010,001**	**56,332**	**-**	**(604,064)**	**4,462,269**
Impact of adopting IFRS 9	2	-	-	(56,332)	-	56,332	-
Balance at June 30, 2018 (restated)		**10,320,803**	**5,010,001**	**-**	**-**	**(547,732)**	**4,462,269**
Share-based payments	8,9	-	-	-	109,254	-	109,254
Net loss for the year		-	-	-	-	(401,640)	(401,640)
Balance at June 30, 2019		**10,320,803**	**$ 5,010,001**	**$ -**	**$ 109,254**	**$ (949,372)**	**$ 4,169,883**

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

LANEBURY GROWTH CAPITAL LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Years ended June 30,		
		2019		**2018**
Operating activities				
Net loss for the year	$	(401,640)	$	(408,158)
Adjustments for non-cash items:				
Accrued interest income		(53,711)		(96,042)
Accrued interest expense		-		24,029
Share-based payments		109,254		-
Unrealized foreign exchange loss		12,300		-
Fair value loss on investments		141,000		-
Equity loss on investments		132,626		-
Loss (gain) on derivatives		32,091		(18,676)
Impairment provision on loan receivable		-		378,435
Changes in non-cash working capital items:				
GST receivable		5,698		2,966
Trade payables and other payables		3,654		4,413
Net cash used in operating activities		(18,728)		(113,033)
Investing activities				
Safe investment		(1,321,000)		-
Loans advanced		(700,000)		(400,000)
Proceeds from loan receivable		428,672		
Purchase of marketable securities		(800,000)		-
Net cash used in investing activities		(2,392,328)		(400,000)
Financing activities				
Loan proceeds received		-		250,000
Loan repayment		-		(977,173)
Private placement proceeds		-		5,000,000
Net cash provided by financing activities		-		4,272,827
Increase (decrease) in cash and cash equivalents		(2,411,056)		3,759,794
Cash and cash equivalents, beginning of year		3,766,164		6,370
Cash and cash equivalents, end of year	**$**	**1,355,108**	**$**	**3,766,164**

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

Note 1 Nature and Continuance of Operations

Lanebury Growth Capital Ltd. ("Lanebury" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 19, 2011, under the name NU2U Resources Corp. and subsequently changed its name to Lanebury Growth Capital Ltd. on April 25, 2017. The Company is listed on the Canadian Securities Exchange under the symbol "LLL". The Company's registered and records office is located at 1080 - 789 West Pender Street, Vancouver, BC, V6C 1H2.

Lanebury is an investment company with an investment strategy focused on building a portfolio of high-quality investments in technology start-ups. The Company targets investments, for the most part, that have a monthly revenue model and can be scaled easily using internet and mobile technologies.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The ability of the Company to continue as a going concern is dependent upon a number of factors including obtaining additional financing as required and having profitable 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 financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

These financial statements are presented in Canadian dollars unless otherwise indicated.

Note 2 Significant Accounting Policies

Basis of Presentation

The Company's annual audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The functional and presentation currency of the Company is the Canadian dollar.

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and reported amounts of assets and liabilities and the reported amounts of income and expenses during the reported periods. The Company reviews its estimates and assumptions regularly; however, actual results could differ from those estimates. Significant

Note 2 Significant Accounting Policies (continued)

Use of Estimates and Judgments (continued)

judgments are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1. Significant accounting estimates are used in the determination of fair value and value in use for purposes of the recoverability of the carrying value of assets. Key estimates made by management with respect to these areas have been described in the notes to these financial statements as appropriate.

<u>Critical Accounting Judgments</u>

i. Going concern
Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

ii. Impairment of financial assets
The impairment assessment of a financial asset requires judgment. Management evaluates the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. When the fair value declines, management makes judgment about if the decline in value is an other than temporary impairment to be recognized in profit or loss.

<u>Critical Accounting Estimates</u>

i. Current and Deferred Taxes
The determination of income tax expense and the composition of deferred tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversal of deferred tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretation, judgments and estimates may materially affect the final amount of current and deferred tax provisions, deferred income tax assets and liabilities, and results of operations.

ii. Fair value of financial instruments
The individual fair values attributable to the different components of a financing transaction, notably investment in equity in securities and derivative financial instruments are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine the (a) the values attributable to each component of a transaction at the time of their issuance; (b) the fair value measurements that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Note 2 Significant Accounting Policies (continued)

Use of Estimates and Judgments (continued)

iii. Recoverability of loan receivable and accrued interest
Management assesses the valuation of loans receivable and accrued interest at the end of each reporting period. Management will assess the repayment schedule for the loan, ability of the borrower to repay the loan receivable and accrued interest, and the Company's overall ability to collect the loan receivable and accrued interest amount. Management's assessment is based on significant judgements and estimates available at each reporting period. Changes in the assumptions may materially affect the amount of the loan receivable and accrued interest determined to be collectible.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share-based payments

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes Option Pricing Model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods.

In situations where stock option awards 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 fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Note 2 Significant Accounting Policies (continued)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect of earnings (loss) per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, the dilutive effect has not been computed as it proved to be anti-dilutive.

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year.

New Accounting Standards and Interpretations

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of July 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

Note 2 Significant Accounting Policies (continued)

Financial Instruments (continued)

unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The following table shows the original classification under IAS 39 and new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Marketable securities	FVTOCI	FVTPL
Warrants	FVTPL	FVTPL
Loans receivable and accrued interest	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Trade payables and other payables	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in a decrease to the opening accumulated deficit on July 1, 2018 of $56,332 with a corresponding adjustment to accumulated other comprehensive income.

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.

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 statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

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

Note 2 Significant Accounting Policies (continued)

Financial Instruments (continued)

losses are recognized in other comprehensive income ("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 statements of 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. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Accounting Standards Issued but Not Yet Applied

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has determined that the adoption of this standard will not have a material impact on its financial statement as it does not have any leases.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

(Expressed in Canadian Dollars)

Note 3 Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

		June 30, 2019		June 30, 2018
Cash at bank	$	455,108	$	766,164
Guaranteed investment certificate (GIC)		900,000		3,000,000
	$	1,355,108	$	3,766,164

The GIC bears interest at 2% per annum. During the year ended June 30, 2019, the Company earned interest income of $19,805 (2018 - $Nil) on the GIC.

Note 4 Marketable Securities and Equity Investments

Mobio Technologies Inc.

On August 17, 2016, the Company participated in a private placement offering by a related company, Mobio Technologies Inc. ("Mobio"), a reporting issuer in British Columbia and Alberta and listed on the TSX Venture Exchange. The Company subscribed to 4,700,000 units at $0.05 per unit for a total cost of $235,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.075 for a period of 24 months from closing of the private placement. Concurrently, the Company entered into an agreement with Mobio that it will only be permitted to exercise that number of warrants which will result, when such common shares are issued, in the Company's total shareholdings not exceeding ten percent of Mobio's issued and outstanding shares as of the date of the warrant exercise. On initial recognition, the Company determined the fair value of the common shares and warrants to be $178,668 and $56,332, respectively.

On each of December 1, 2016 and May 7, 2018, Mobio completed a consolidation of its outstanding common share capital on the basis of one post-consolidation common share for every two outstanding common shares. As a result of the two share consolidations, the Company held 1,175,000 common shares of Mobio and 587,500 share purchase warrants to purchase common shares of Mobio at an exercise price of $0.30 per share.

As at June 30, 2018, the fair value of the shares and warrants in Mobio was $235,000 and $38,016, respectively. The fair value of the shares was based on quoted market prices while the fair value of the warrants was based on the Black-Scholes Option Pricing Model.

On August 16, 2018, Mobio extended the warrants held by the Company by twelve months to August 24, 2019.

On January 25, 2019, the Company participated in a private placement offering by Mobio. The Company subscribed to 10,666,668 units at $0.075 per unit for a total cost of $800,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.10 for a period of 24 months from closing of the private placement. The expiry date of the warrants may be accelerated by Mobio if the common shares of Mobio achieve a volume weighted average trading price greater than $0.20 for twenty (20) consecutive trading days. On initial recognition,

(Expressed in Canadian Dollars)

Note 4 Marketable Securities and Equity Investments (continued)

the Company determined the fair value of the common shares and warrants to be $600,156 and $199,844, respectively.

As a result of the additional investment on January 25, 2019, the Company obtained significant influence over Mobio due to its percentage ownership of 32% in the company, and accordingly, equity method accounting was applied from January 25, 2019 forward. Up to January 25, 2019, the Company recognized a loss on the fair value of the shares of $141,000 and a loss on the fair value of warrants of $32,091 which were recorded in the statement of loss and comprehensive loss for the year ended June 30, 2019. From January 25, 2019 to June 30, 2019, the Company recognized its share of Mobio's net loss of $51,261 in the statement of income loss and comprehensive loss for the year ended June 30, 2019.

As at June 30, 2019, the Company held 11,841,668 common shares and 5,920,834 warrants of Mobio with a carrying value of $848,664 (June 30, 2018 - 1,175,000 shares with a fair value of $235,000 and 587,500 warrants with a fair value of $38,016). As at June 30, 2019, the fair value of the Company's investment in Mobio is $828,917 based on Mobio's quoted market price.

The purpose of the Company's investment in Mobio is to provide capital and consultations to support Mobio's technology development. Below is a summary of financial information about Mobio as at July 31, 2019; however, the Company's equity pick up was calculated from results up to June 30, 2019.

		July 31, 2019
Current assets	$	393,028
Total assets	$	2,175,693
Current liabilities	$	(220,697)
Total liabilities	$	(1,271,807)
Revenue for the year	$	45,730
Net loss for the year	$	(835,638)
Net loss attributable to Mobio	$	(553,315)
Net loss attributable to Plank	$	(282,323)

Plank Ventures Ltd.

On February 22, 2019, Mobio completed a plan of arrangement with its subsidiary Plank Ventures Ltd. ("Plank"), a related company, whereby the shares of Plank held by Mobio were distributed to the shareholders of Mobio and Plank ceased to be a subsidiary of Mobio. Plank is a reporting issuer in British Columbia and Alberta and not currently listed publicly. Pursuant to the plan of arrangement, the Company received 11,841,668 common shares of Plank, which represents a significant influence in Plank due to its 32% percentage ownership. From February 22, 2019 to June 30, 2019, the Company recognized its share of Plank's net loss of $81,365 in the statement of loss and comprehensive for the year ended June 30, 2019. On initial recognition of the loan to Plank, a discount of $108,147 was recorded to the investment (Note 5). As at June 30, 2019, the Company held 11,841,668 common shares with a carrying value of $26,782.

(Expressed in Canadian Dollars)

Note 4 Marketable Securities and Equity Investments (continued)

The purpose of the Company's investment in Plank is to provide capital and consultations to support Plank's investments in technology. Below is a summary of financial information about Plank as at July 31, 2019; however, the Company's equity pick up was calculated from results up to June 30, 2019.

		July 31, 2019
Current assets	$	291,575
Total assets	$	2,073,337
Current liabilities	$	(6,651,375)
Total liabilities	$	(7,702,485)
Revenue for the year	$	5,989
Net loss for the year	$	(73,988)

Note 5 Loans Receivable and Accrued Interest

Mobio Technologies Inc.

On July 27, 2017, the Company entered into an agreement to loan $100,000 to Mobio. The loan bore interest at 10% per annum, calculated monthly, not in advance, and was secured by a promissory note. During the year-ended June 30, 2019, interest of $6,964 was earned on the loan. The principal balance plus accrued interest was repaid on January 29, 2019.

On October 3, 2017, the Company entered into an agreement to loan $50,000 to Mobio. The loan bore interest at 10% per annum, calculated monthly, not in advance, and was secured by a promissory note. During the year-ended June 30, 2019, interest of $3,358 was earned on the loan. The principal balance plus accrued interest was repaid on January 29, 2019.

On November 6, 2017, the Company entered into an agreement to loan $50,000 to Mobio. The loan bore interest at 10% per annum, calculated monthly, not in advance, and was secured by a promissory note. During the year ended June 30, 2019, interest of $3,271 was earned on the loan. The principal balance plus accrued interest was repaid on January 29, 2019.

On November 7, 2017, the Company entered into an agreement to loan $150,000 to Mobio. The loan bore interest at 10% per annum, calculated monthly, not in advance, and was secured by a promissory note. During the year-ended June 30, 2019, interest of $9,807 was earned on the loan. The principal balance plus accrued interest was repaid on January 29, 2019.

On December 12, 2017, the Company entered into an agreement to loan $50,000 to Mobio. The loan bore interest at 10% per annum, calculated monthly, not in advance, and was secured by a promissory note. During the year-ended June 30, 2019, interest of $3,212 was earned on the loan. The principal balance plus accrued interest was repaid on January 29, 2019.

Note 5 Loans Receivable and Accrued Interest (continued)

Plank Ventures Ltd.

On January 29, 2019, the Company entered into an agreement to loan $700,000 to Plank. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest is due and payable on January 29, 2021. At initial recognition, a discount of $108,147 was recognized to record the loan at fair value using a discount rate of 20%, which was recorded to the investment in Plank (Note 4). During the year ended June 30, 2019, interest and accretion of $49,618 were earned on the loan.

Note 6 Safe Investment

Investment in Finhaven Technology Inc.

On July 24, 2018, the Company completed a USD $1,000,000 investment in Finhaven Technology Inc. (“Finhaven”) pursuant to the Simple Agreement for Future Equity (the “SAFE”). The SAFE provides that the investment will be converted into common shares of Finhaven at a price equal to USD $33,000,000 divided by the capitalization of Finhaven no later than 90 days past June 30, 2020. During the year ended June 30, 2019, the Company recognized a foreign exchange loss of $12,300 on the investment.

Note 7 Wind Assets

An investment in Katabatic Power Corp. (“Katabatic”) comprised of various debt instruments and a minority equity interest, recorded at its fair value of $1.

Note 8 Share Capital and Reserve

Share Capital

Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares with a par value of $100 per share.

On November 2, 2017, the Company completed a non-brokered private placement financing, issuing 8,333,333 common shares of the Company at a price of $0.60 per share for total proceeds of $5,000,000. The CEO of the Company purchased all of the 8,333,333 common shares issued.

(Expressed in Canadian Dollars)

Note 8 Share Capital and Reserve (continued)

Stock Options

The number of shares available for purchase pursuant to options granted under the stock option plan will not exceed 10% of the shares that are outstanding (on a non-diluted basis) immediately prior to the share issuance or grant of options. The plan places limits on the maximum number of options which may be granted to any one holder, insider, consultant and employees and consultants engaged in investor relations activities within any 12-month period. Options granted in relation to investor relations activities must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The vesting period for all other options is at the discretion of the Board of Directors.

On July 31, 2018, the Company granted 400,000 stock options to the directors and officers of the Company. Each fully vested and exercisable into a one common share of the Company at a price of $0.50 for five years from the date of the grant.

During the year ended June 30, 2019, the Company recorded stock-based payments of $109,254 (2018 - $Nil). The fair value of stock options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Years ended	
	June 30, 2019	**June 30, 2018**
Risk free interest rate	2.19%	-
Expected life of options	5 years	-
Expected dividend yield	-	-
Expected stock price volatility	209.01%	-

Stock options outstanding and exercisable at June 30, 2019, are as follows:

Options outstanding	Exercise Price	Expiry date	Options exercisable
400,000	$0.50	July 31, 2023	400,000

The weighted average remaining contractual life of outstanding options is 4.09 years.

Note 9 Related Party Transactions

Balances

Included in trade payables and other payables are $389 (2018 - $3,582) owing to a company controlled by the CFO of the Company and $Nil (2018 - $1,111) owing to the CEO of the Company.

(Expressed in Canadian Dollars)

Note 9 Related Party Transactions (continued)

Transactions with related parties

Transactions with related parties are summarized in the tables below:

	Years ended	
	June 30, 2019	**June 30, 2018**
Interest and accretion on loans payable to a company controlled by the CEO	$ -	$ 63,942
Interest on loan receivable from Mobio	$ 26,612	$ 28,672
Interest and accretion on loan receivable from Plank	$ 49,618	$ -

Management compensation

	Years ended	
	June 30, 2019	**June 30, 2018**
Management and consulting fees paid to a company controlled by the CFO	$ 16,191	$ 13,155
Professional fees paid to a company controlled by the CFO	$ 10,760	$ 8,840
Share-based payments to officers and directors (Note 8)	$ 109,254	$ -

All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted. Transactions with related parties are also disclosed in Notes 4, 5 and 8.

Note 10 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes cash balances, loans and components of equity.

In order to carry out future projects and pay for administrative costs, the Company will raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended June 30, 2019.

Note 11 Financial Instruments

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on the loans receivable from Plank in the amount of $641,471. The Company is in regular communication with Plank and expects that the loan will be recoverable.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had a cash balance of $1,355,108 (June 30, 2018 - $3,766,164) to settle current liabilities of $21,332 (June 30, 2018 - $17,678).

Market risk:

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

(a) Interest rate risk – The loans to related companies bear a fixed rate of interest and accordingly are not subject to interest rate risk. The Company has a cash balance making the company sensitive to interest rate fluctuations.

(b) Foreign currency risk - The Company is headquartered in Canada and its functional reporting currency is the Canadian dollar. The Company has a significant investment in Finhaven that is denominated in US dollars. As such, the Company's results of operations are subject to foreign currency fluctuation risks and these fluctuations may adversely affect the financial position and operating results of the Company. As of June 30, 2019, the Company does not use derivative instruments to reduce its exposure to currency risk. A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net income by $130,870.

Fair Value of Financial Instruments

The Company's financial instruments measured at fair value consist of cash and cash equivalents, loans receivable, Safe investment and trade payables and other payables. The carrying values of cash and cash equivalents, loans receivable, and trade payables and other payables approximate their fair values due to their short-term nature and/or the existence of market related interest rates on the instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

All financial instruments other than the Safe investment are classified as Level 1. The Safe investment is classified as Level 3.

(Expressed in Canadian Dollars)

Note 12 Income Taxes

The following table reconciles the expected income tax expense (recovery) at Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive (income) loss for the years ended June 30, 2019 and 2018:

		June 30, 2019		June 30, 2018
Net income (loss) before taxes	$	(401,640)	$	(408,158)
Statutory tax rate		27%		26%
Expected income tax (recovery)	$	(108,443)	$	(106,121)
Non-deductible items		58,699		(2,284)
Effect of change in tax rates		(5,472)		-
Change in deferred tax assets not recognized		55,216		108,405
Total income tax expense (recovery)	$	-	$	-

The unrecognized deductible temporary differences are as follows:

		June 30, 2019		June 30, 2018
Non-capital loss carryforwards	$	193,426	$	168,741
Impairment provision on loan receivable		378,435		378,435
Marketable securities		159,554		-
Unrecognized deductible temporary differences	$	731,415	$	547,176

As at June 30, 2019, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately $193,426 (2018: $168,741) which may be carried forward to apply against future year income tax for Canadian tax purposes, subject to final determination by taxation authorities, expiring in the following years:

Expiry		
2032	$	3,729
2033		7,170
2034		5,274
2035		50,889
2036		30,834
2037		71,716
2038		23,814
Total	$	193,426

Note 13 Subsequent Event

On August 15, 2019, the Company subscribed for 640,000 common shares of Fission Internet Software Services For Open Networks Inc. for cash consideration of USD $200,000.