Vogogo Inc.

Condensed Interim Consolidated Financial Statements

(in Canadian dollars)
(unaudited)
For the three and nine months ended September 30, 2014

	September 30 2014 $	December 31 2013 $
ASSETS		
Current assets:		
Cash and cash equivalents	**8,198,467**	92,222
Cash held in trust (note 6)	**600,515**	1,324,528
Goods and services tax recoverable	**-**	16,514
Notes receivable (note 13 (b))	**150,000**	-
Prepaid expenses and deposits	**74,876**	13,764
	9,023,858	1,447,028
Non-current assets:		
Property and equipment	**18,337**	24,251
Long-term investment	**145,000**	145,000
	163,337	169,251
Total assets	**9,187,195**	1,616,279
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities:		
Trade and other payables (note 7)	**896,912**	500,244
Trust liabilities (note 6)	**600,515**	1,324,528
Convertible debentures (note 8)	**-**	199,273
Royalty financing liability (note 9)	**-**	218,192
Total liabilities	**1,497,427**	2,242,237
Shareholders' Equity (Deficiency)		
Share capital (note 10)	**14,523,038**	1,161,164
Convertible debentures - equity portion (note 8)	**-**	15,464
Warrants (note 11)	**1,339,848**	-
Contributed surplus (note 11)	**898,398**	-
Deficit	**(9,071,516)**	(1,802,586)
Total shareholders' equity (deficiency)	**7,689,768**	(625,958)
Total liabilities and shareholders' equity (deficiency)	**9,187,195**	1,616,279

Going concern (note 2(c))
Commitments (note 14)
Subsequent events (note 17)

Approved on behalf of the Board

Dale Johnson
Director

Geoff Gordon
Director

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

	3 months ended September 30, 2014	3 months ended September 30, 2013	**9 months ended September 30, 2014**	9 months ended September 30, 2013
REVENUE	**$ 23,638**	$ 23,495	**$ 212,534**	$ 47,046
EXPENSES				
General and administrative (note 10(ix) and 13(a))	**645,692**	223,151	**1,665,648**	486,479
Sales and marketing	**247,382**	3,864	**656,757**	123,743
Research and development	**276,960**	16,676	**853,805**	323,537
Stock-based compensation (note 12)	**416,678**	-	**2,352,480**	-
Transaction costs (note 5 (i))	**3,150**	-	**373,304**	-
Listing costs (note 5 (i))	**930,852**	-	**930,852**	-
Amortization	**2,423**	4,867	**7,267**	14,602
	2,523,137	248,558	**6,840,113**	948,361
Loss from operations	**(2,499,499)**	(225,063)	**(6,627,579)**	(901,315)
Accretion (note 8)	**-**	(4,667)	**(282,169)**	(10,070)
Interest and bank charges	**(9,399)**	(5,000)	**(36,998)**	(12,465)
Net loss and comprehensive loss	**(2,508,898)**	(234,730)	**(6,946,746)**	(923,850)
Loss per share – basic and diluted (note 10)	**(0.08)**	(0.02)	**(0.30)**	(0.06)

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

	Share Capital $	Convertible Debentures - Equity Portion $	Warrants $	Contributed Surplus $	Deficit $	Total $
Balance, December 31, 2012	685,903	-	-	-	(754,606)	(68,703)
Equity portion of convertible debentures (note 8)	-	15,464	-	-	-	15,464
Issuance of shares net of share issue cost	418,761	-	-	-	-	418,761
Net loss and comprehensive loss	-	-	-	-	(923,850)	(923,850)
Balance, September 30, 2013	1,104,664	15,464	-	-	(1,678,456)	(558,328)
Balance, December 31, 2013	**1,161,164**	**15,464**	**-**	**-**	**(1,802,586)**	**(625,958)**
Issuance of shares (note 10)	**693,000**	**-**	**-**	**-**	**-**	**693,000**
Equity portion of convertible debentures (note 8)	**-**	**316,435**	**-**	**-**	**-**	**316,435**
Issuance of shares on conversion of debentures (note 10)	**2,588,814**	**(227,700)**	**-**	**-**	**-**	**2,361,114**
Share-based compensation (note 11)	**-**	**-**	**-**	**2,352,480**	**-**	**2,352,480**
Exercise of stock options (note 10 and 11)	**1,868,952**	**-**	**-**	**(1,511,227)**	**-**	**357,725**
Issuance of units (notes 10 and 11)	**54,338**	**-**	**95,662**	**-**	**-**	**150,000**
Exercise of warrants (notes 10 and 11)	**309,092**	**-**	**(59,731)**	**-**	**-**	**249,361**
Issuance of agents warrants (note 11)	**-**	**(96,471)**	**964,709**	**-**	**-**	**868,238**
Transfer of equity portion of convertible debentures on repayment (note 8)	**-**	**(7,728)**	**-**	**7,728**	**-**	**-**
Repurchase of shares (note 10)	**(397,816)**	**-**	**-**	**-**	**(322,184)**	**(720,000)**
Shares issued on reverse takeover (note 5 (i))	**930,000**	**-**	**-**	**49,417**	**-**	**979,417**
Repurchase of shares on amalgamation of Limitless (note 5 (ii) and 10)	**(40,163)**	**-**	**-**	**-**	**-**	**(40,163)**
Issuance of finders warrants (note 10)	**(339,208)**	**-**	**339,208**	**-**	**-**	**-**
Issuance of shares on brokered and non brokered private placement (note 10)	**7,694,865**	**-**	**-**	**-**	**-**	**7,694,865**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**(6,946,746)**	**(6,946,746)**
Balance, September 30, 2014	**14,523,038**	**-**	**1,339,848**	**898,398**	**(9,071,516)**	**7,689,768**

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

	3 months ended September 30, 2014 $	3 months ended September 30, 2013 $	**9 months ended September 30, 2014 $**	9 months ended September 30, 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss and comprehensive loss	**(2,508,898)**	(234,730)	**(6,946,746)**	(923,850)
Add back (deduct) items not involving cash:				
Amortization	**2,423**	4,867	**7,267**	14,602
Accretion	**-**	4,667	**282,169**	10,070
Listing expenses	**930,852**	-	**930,852**	-
Interest on royalty financing	**-**	-	**11,508**	-
Stock-based compensation and non-cash commission expenses (note 11 and 10(ix))	**416,678**	-	**2,567,480**	-
	(1,158,945)	(225,196)	**(3,147,470)**	(899,178)
Changes in non-cash working capital items:				
Goods and services tax recoverable	**-**	1,873	**16,514**	17,672
Trade and other payables	**5,551**	(41,955)	**397,375**	56,398
Prepaid expenses and deposits	**(56,368)**	301	**(61,112)**	9,177
	(50,817)	(39,781)	**352,777**	83,247
Net cash used in operating activities	**(1,209,762)**	(264,977)	**(2,794,693)**	(815,931)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	**-**	-	**(1,353)**	-
Notes receivable	**-**	-	**(150,000)**	-
Net cash used in investing activities	**-**	-	**(151,353)**	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of convertible debentures (note 8)	**-**	-	**3,164,345**	200,000
Repayment of royalty financing liability (note 9)	**-**	200,000	**(229,700)**	200,000
Repayment of convertible debentures (note 8)	**-**	-	**(100,000)**	-
Re purchase of shares (note 10)	**(415,163)**	-	**(760,163)**	-
Proceeds from the issuance of shares, net of share issue costs (note 10)	**7,694,865**	35,097	**8,172,865**	418,761
Proceeds from share subscription deposits	**(5,665,000)**	-	**-**	-
Proceeds from exercise of options (note 10(xiv))	**57,725**	-	**357,725**	-
Proceeds from exercise of warrants (note 10(xiii))	**-**	-	**249,361**	-
Proceeds from issuance of units (note 10 (xiii))	**-**	-	**150,000**	-
Cash acquired on reverse acquisition(note 5 (i))	**47,858**	-	**47,858**	-
Net cash generated by financing activities	**1,720,285**	235,097	**11,052,291**	818,761
Net increase in cash and cash equivalents for the period	**510,523**	(29,880)	**8,106,245**	2,830
Cash and cash equivalents, beginning of the period	**7,687,944**	70,112	**92,222**	37,402
Cash and cash equivalents, end of the period	**8,198,467**	40,232	**8,198,467**	40,232
Supplemental cash flow information:				
Interest paid	**-**	-	**43,041**	-

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

1. NATURE OF OPERATIONS

Vogogo Inc. (the "Corporation" or "Vogogo"), formerly Southtech Capital Corporation ("Southtech"), is in the payment technology and transaction processing business. Vogogo Canada Inc., a wholly-owned subsidiary of the Corporation, was incorporated under the *Business Corporations Act* (Alberta) on July 26, 2010. In addition, on August 13, 2012 the Corporation incorporated Vogogo USA Inc., a wholly-owned subsidiary and Delaware company. The Corporation develops software that administers multiple electronic payments including card payments, pre-authorized debit, direct deposit, peer-to-peer and online banking payments for both the U.S and Canadian markets. The head office is located at 400, 320 – 23rd Avenue SW, Calgary, Alberta, Canada, T2S 0J2.

Southtech was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on April 21, 2011 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture"). The principle business of Southtech was to identify and evaluate potential acquisitions or businesses ("Qualifying Transaction") and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and, if required, shareholders' approval.

On September 11, 2014, Southtech completed its Qualifying Transaction which was effected pursuant to an agreement between Southtech and Redfall Technologies Inc. ("Redfall"). Pursuant to the agreement, Southtech and Redfall completed a business combination by way of an amalgamation. The former shareholders of Redfall received one fully paid share in the new amalgamated company for every one share held in Redfall and the former shareholders of Southtech received one fully paid share in the new amalgamated company for every five shares held in Southtech. The new amalgamated company changed its name to Vogogo Inc.

Upon closing of the transaction, the former shareholders of Redfall owned 95.62% of the common shares of Southtech and as result, the transaction is a reverse acquisition of Southtech by Redfall. For accounting purposes, Redfall is considered the acquirer and Southtech the acquiree. Accordingly, the consolidated financial statements are in the name of Vogogo Inc., however are a continuation of the financial statements of Redfall. Additional information on the transaction is disclosed in Note 5.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared by management in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 15, 2014.

(b) Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements unless otherwise indicated.

The condensed interim consolidated financial statements have been prepared under the historical cost convention.

2. BASIS OF PRESENTATION *(continued)*

(c) Going concern

These condensed interim consolidated financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. As at September 30, 2014, the Corporation has cash and cash equivalents of $8,198,467 (December 31, 2013 - $92,222) and has a positive net working capital position of $7,526,431 (December 31, 2013 - $795,209 negative net working capital position). However, the Corporation has an accumulated deficit of $9,071,516 (December 31, 2013 - $1,802,586) as at September 30, 2014 and had a net loss of $6,946,746 (2013 - $923,850) for the nine month period ended September 30, 2014. The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations.

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

(d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Corporation and Vogogo Canada Inc. The functional currency of Vogogo USA Inc. is U.S. dollars ("USD").

(e) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in these condensed interim consolidated financial statements. Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the condensed interim consolidated financial statements on the date that control ceases. The accounting policies of the subsidiaries are consistent with the policies adopted by the Corporation.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31, 2013.

The Corporation continues to assess the impact of adopting the pronouncements from the IASB as described below:

Financial Instruments

IFRS 9, "Financial Instruments" provides a comprehensive new standard for accounting for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking 'expected-loss' impairment model and a substantially reformed approach to hedge accounting. The new standard is effective for years beginning on or after January 1, 2018.

3. ACCOUNTING POLICIES *(continued)*

Revenue Recognition

IFRS 15, "Revenue from Contracts with Customers" provides a comprehensive new standard on revenue recognition. It specifies how and when to recognize revenue as well as requiring entities to provide more informative and relevant disclosure. The new standard is effective for years beginning on or after January 1, 2017.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Corporation's condensed interim consolidated financial statements. Further, the Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its condensed interim consolidated financial statements.

(a) Areas of judgment

(i) Long-term investments

Investments in equity instruments classified as available-for-sale are measured at cost when there is no quoted price in an active market and fair value cannot be reliably measured. Judgment is required to assess whether the fair value of the equity instruments can be measured reliably. This involves an assessment of whether the variability in the range of reasonable fair value estimates is significant for the instrument or whether the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value.

(ii) Going concern

Determining if the Corporation has the ability to continue as a going concern is dependent on its ability raise additional financing and to achieve profitable operations. Certain judgments are made when determining if the Corporation will be able to continue as a going concern. Further disclosure is included in note 2(c).

(iii) Share-based compensation and warrants

Estimates are arrived at through the use of the Black-Scholes option-pricing model. The valuation of both warrants and share-based compensation transactions requires the input of highly subjective assumptions including the expected stock price volatility and forfeiture rates.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(b) Assumptions and critical estimates

(i) Compound financial instruments

Certain financial instruments are comprised of a liability and an equity component. The determination of the amount allocated to the liability and equity components requires management to estimate various components and characteristics of present value calculations used in determining the fair value of the instrument, including the market interest rates of non-convertible debentures.

(ii) Tax assets and liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

5. REVERSE ACQUISITION OF SOUTHTECH AND ACQUISITION OF LIMITLESS I CORP.

(i) Reverse acquisition of Southtech

On September 11, 2014, Southtech completed its Qualifying Transaction which was effected pursuant to an agreement between Southtech and Redfall. Pursuant to the agreement, the former shareholders of Redfall received one fully paid common share in the new amalgamated company for every one Class A common share held in Redfall and the former shareholders of Southtech received one fully paid common share in the new amalgamated company for every five shares held in Southtech.

The transaction is a reverse acquisition of Southtech and has been accounted under IFRS 2, Share-based Payments. Accordingly, the transaction has been accounted for at the fair value of the equity instruments granted by the shareholders of Redfall to the shareholders and option holders of Southtech. The difference between the net assets acquired and the fair value of the consideration paid of $930,852 has been recognized as a listing expense in the statement of loss and comprehensive loss for the nine-month period ended September 30, 2014. Costs of the transaction of $373,304 were also expensed in the nine-month period ended September 30, 2014.

The results of operations of Southtech are included in the consolidated financial statements of Vogogo from the date of the reverse acquisition, September 11, 2014

The fair value of the net assets of Southtech acquired on September 11, 2014 are as follows:

	$
Cash	47,858
Other receivables	707
	48,565

Purchase price allocation is as follows:	
Fair value of Class A common shares (1,240,000 shares at $0.75 per share)	930,000
Fair value of stock options (120,000 options exercisable at $0.50 per share)	49,417
	979,417
Listing expense	**930,852**

The fair value of the Southtech options were estimated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	$0.50
Share price	$0.75
Dividend yield	-
Forfeiture %	-
Risk-free interest rate	1.14%
Expected life of options	1.00 year
Expected volatility	114%

5. REVERSE ACQUISITION OF SOUTHTECH AND ACQUISITION OF LIMITLESS I CORP. *(continued)*

(ii) Acquisition of Limitless I Corp. ("Limitless")

Prior to the reverse acquisition of Southtech, Limitless, a shareholder of Redfall holding 9,588,924 Redfall shares, completed a restructuring whereby the shareholders of Limitless each received Redfall's common shares equal to such shareholder's proportionate interest in the aggregate shares held by Limitless. As a result of such restructuring an aggregate of 53,551 Redfall common shares were cancelled to settle outstanding amounts payable by Limitless prior to closing and the shareholders of Limitless received an aggregate of 9,535,373 Redfall common shares.

The fair value of the net assets of Limitless acquired on September 11, 2014 are as follows:

	$
9,588,924 common shares of the Corporation	7,191,693
	7,191,693

Purchase price allocation is as follows:	
Fair value of common shares (9,535,373 shares at $0.75 per share)	7,151,530
	7,151,530
53,551 common shares of the Corporation cancelled on assumption of Limitless liability by the Corporation (53,551 common shares at $0.75)	**40,163**

6. TRUST ASSETS AND LIABILITIES

Cash held in trust consists of cash held in bank accounts and represent amounts collected from customers of clients which are held in trust until being paid out to the clients.

7. TRADE AND OTHER PAYABLES

	September 30, 2014 $	December 31, 2013 $
Trade accounts payable	**574,134**	**407,595**
Accrued payables	**282,739**	**39,302**
Payroll	**14,899**	**48,237**
Other	**25,140**	**5,110**
	896,912	**500,244**

Trade accounts payable are non-interest bearing and are normally settled on 30 to 60 day terms.

8. CONVERTIBLE DEBENTURES

On January 25, 2013 the Corporation issued an unsecured convertible debenture with a principal amount of $100,000. The debenture bore interest at a rate of 10% per annum and was convertible into Class A common shares, at any time, at the option of the holder at $0.52 per share. Unless earlier repaid, at the option of the Corporation, or demanded, in the event of default, the principal was due and payable in full on January 25, 2014. Interest was due and payable quarterly on each of April 25, 2013, July 25, 2013, October 25, 2013 and January 25, 2014. The debenture was repaid in full along with accrued interest on January 25, 2014.

On March 6, 2013 the Corporation issued a second unsecured convertible debenture with a principal amount of $100,000. The debenture bore interest at a rate of 10% per annum and was convertible into Class A common shares, at any time, at the option of the holder at $0.52 per share. Unless earlier repaid, at the option of the Corporation, or demanded, in the event of default, the principal was due and payable in full on March 6, 2014. Interest was due and payable quarterly on each of June 6, 2013, September 6, 2013, December 6, 2013 and March 6, 2014. This debenture was converted into Class A common shares on March 5, 2014 and a total of 192,307 common shares were issued from Treasury (note 10(viii)).

On February 11, 2014, the Corporation issued a secured convertible debenture in the amount of $2,000,000. On March 17, 2014, the Corporation amended this convertible debenture, increasing the amount of the convertible debenture issued to $3,164,345. The debenture was secured by a first charge against all of the Corporation's present and after-acquired property and was scheduled to mature August 11, 2014. The debenture bore interest at a rate of 10% per annum. The debenture was convertible into Class A common shares of the Corporation at the option of the holder at $0.33 per share. The corporation issued 2,275,000 warrants in connection with the convertible debenture with a fair value of $964,709 (note 11), of which $868,238 was allocated to the debt component of the convertible debenture and $96,471 was allocated to the equity component of the debenture. On March 26, 2014, the Corporation issued 9,588,924 Class A common shares upon conversion of the full $3,164,345 convertible debenture. Upon conversion, the debt and equity portions of the convertible debenture, net of the warrant costs and associated accretion of the liability portion of the warrants to the conversion date of $281,442 were reclassified to share capital (note 10(x)).

The Corporation determined that the convertible debentures meet the definition of a compound financial instrument and determined the fair value of the liability and the resulting equity component by discounting the expected future cash flows of each convertible debenture using an interest rate of 20% representing management's estimate of the fair value interest rate for a similar instrument without the convertibility feature.

9. ROYALTY FINANCING LIABILITY

The Corporation entered into a $1 million investment agreement with AVAC Ltd. to help fund the development and commercialization of the Corporation's web-based payment service provider technology. The proceeds were available to the Corporation if and when certain pre-determined milestones were achieved. Any amount drawn pursuant to the investment agreement was repayable in the form of a 3.5% royalty based on quarterly gross revenues, beginning with the quarter ending December 31, 2014 until twice the gross amount received was remitted or until the Corporation had repaid all advances received plus 20% interest compounded annually from the date each advance was received, less royalties paid. During the year ended December 31, 2013, the Corporation received $200,000 as part of this arrangement. This $200,000 liability plus $29,699 of interest was fully repaid on April 24, 2014.

10. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value. The Corporation has the following Common Shares issued and outstanding:

	Number of Shares #	Share Capital $
Balance, December 31, 2012	**13,856,000**	**685,903**
Shares issued through re-pricing of existing shares (i)	576,361	-
Shares issued for cash (ii)	1,031,012	478,550
Share-based payments (iii)	203,401	105,769
Share-based payments (iv)	9,836	5,114
Share-based payments (v)	19,697	6,500
Share issue costs (iii)	-	(105,769)
Share issue costs (vi)	-	(14,903)
Balance, December 31, 2013	**15,696,307**	**1,161,164**
Buy-back of shares for cash (vii)	(3,833,334)	(345,000)
Fair value adjustment of buy-back of shares (vii)	-	61,422
Shares issued on conversion of convertible debenture (viii)	192,307	100,000
Equity component of conversion of convertible debenture (viii)	-	7,736
Shares issued for cash (ix)	500,000	45,000
Fair value adjustment of shares issued (ix)	-	215,000
Shares issued on conversion of convertible debenture (x)	9,588,924	2,481,078
Shares issued for cash (xi)	432,692	225,000
Shares issued for cash (xii)	400,000	208,000
Units issued for cash (xiii)	288,462	150,000
Warrant component of units issued (xiii)	-	(95,662)
Shares issued on exercise of stock options (xiv)	3,333,334	300,000
Fair value on exercise of stock options (xiv)	-	1,452,020
Shares issued on exercise of share purchase warrants (xiii)	479,540	249,361
Fair value on exercise of share purchase warrants (xiii)	-	59,731
Buy-back of shares for cash (xv)	(500,000)	(375,000)
Fair value adjustment of buy-back of shares (xv)	-	260,762
Buy-back of shares on acquisition of Limitless (xvi)	(53,551)	(40,163)
Elimination of Redfall common shares (xvii)	(26,524,681)	-
Shares issued on reverse acquisition (xvii)	26,524,681	-
Shares issued to Southtech (xviii)	1,240,000	930,000
Shares issued for brokered placement (xix)	4,666,667	3,500,000
Shares issued for non-brokered placement (xx)	6,666,664	5,000,000
Shares issued on exercise of stock options (xxi)	122,500	57,725
Fair value on exercise of stock options (xxi)	-	59,207
Share issue costs - Finder's Fee paid in cash (xxii)	-	(598,396)
Share issue costs - Finders Warrants (xxii)	-	(339,208)
Share issue costs - Legal & other	-	(206,739)
Balance, September 30, 2014	**39,220,512**	**14,523,038**

10. SHARE CAPITAL *(continued)*

(i) On April 9, 2013 the Corporation issued 576,361 Class A common shares to all existing shareholders who paid $0.93 per share during 2012 in order to revalue their share purchase price from $0.93 per share to $0.52 per share.

(ii) The Corporation issued a total of 1,031,012 Class A common shares for cash during the year ended December 31, 2013 at an average price of $0.46 per share.

(iii) The Corporation issued 203,401 Class A common shares to an employee and a consulting firm during the year ended December 31, 2013 in exchange for assistance in raising the Class A common share financing. The fair value of the Class A common shares of $0.52 per share, which is equal to the amount paid by arms length parties, was recorded as share issue costs.

(iv) The Corporation issued 9,836 Class A common shares to a consulting firm during the year ended December 31, 2013 for consulting services performed. The fair value of the Class A common shares of $0.52 per share, which is equal to the amount paid by arms length parties, was recorded as general and administrative expenses.

(v) The Corporation issued 19,697 Class A common shares to a consulting firm during the year ended December 31, 2013 in exchange for services performed related to the royalty financing (note 9). The fair value of the Class A common shares of $0.33 per share, which is equal to the amount paid by arms length parties, was recorded as general and administrative expenses.

(vi) The Corporation incurred $14,903 in share issue costs during the year ended December 31, 2013 which consisted of legal fees.

(vii) On February 21, 2014 the Corporation repurchased 3,833,334 Class A common shares at $0.09 per share for total cost of $345,000. The average carrying value of share capital as at the date of the buy-back was calculated at $0.07 per share, resulting in a premium of $0.02 per Class A common share. The resulting premium of $61,422 was charged to deficit.

(viii) On March 5, 2014, the Corporation issued 192,307 Class A common shares at $0.52 per share upon conversion of a $100,000 convertible debenture (note 8).

(ix) On March 17, 2014, the Corporation issued 500,000 Class A common shares at $0.09 for total cash proceeds of $45,000. The fair value of these shares at the time was determined to be $0.52 per common share. These shares were issued below the market value by $0.43 per share, the total discount of $215,000 was credited to share capital and recorded as commission expenses and is included in the general and administration expense for the period.

(x) During 2014, the Corporation issued a secured convertible debenture in amount of $3,164,345 (note 8). The debenture was convertible into Class A common shares of the Corporation at the option of the holder at $0.33 per share. On March 26, 2014, the Corporation issued 9,588,924 Class A common shares upon conversion of the full $3,164,345 convertible debenture.

In connection with the issuance of the convertible debenture on February 11, 2014, the Corporation issued an aggregate of 2,275,000 agent warrants to acquire Class A common shares of the Corporation for a period of five years at a price of $0.33 per Class A common share expiring five years from the date of grant. Fair value of these agent warrants were calculated using the Black-Scholes option-pricing model and recorded as debenture transaction costs. The fair value of the agent warrants was determined to be $964,709, which was allocated to the debt and equity components of the convertible debenture.

(xi) On April 2, 2014, the Corporation issued a total of 432,692 Class A common shares for cash at $0.52 per share for total proceeds of $225,000.

(xii) On April 7, 2014, the Corporation issued a total of 400,000 Class A common shares for cash at $0.52 per share for total proceeds of $208,000.

10. SHARE CAPITAL *(continued)*

(xiii) On April 30, 2014, the Corporation issued 288,462 units at $0.52 per unit for total proceeds of $150,000. Each unit is comprised of one Class A common share and 2.6624 share purchase warrants, for a total issuance of 288,462 Class A common shares and 768,002 share purchase warrants. Each share purchase warrant entitles the holder to purchase one Class A common share at an exercise price of $0.52 per Class A common share for up to three years following the issuance date. Fair value of these share purchase warrants were calculated using the Black-Scholes option-pricing. The fair value of these share purchase warrants was determined to be $95,662, which was allocated to warrants from share capital.

On June 27, 2014, 479,540 of the total 768,002 warrants were exercised at $0.52 per warrant for total proceeds of $249,361. The value of these warrants of $59,731 was transferred from warrants to share capital on exercise of these warrants.

(xiv) On April 30, 2014, 3,333,334 stock options were exercised at $0.09 per stock option for total proceeds of $300,000. The value of the stock options of $1,452,020 was transferred from contributed surplus to share capital on exercise of these options.

(xv) On September 10, 2014 the Corporation repurchased 500,000 Class A common shares at $0.75 per share for total cost of $375,000. The average carrying value of share capital as at the date of the buy-back was calculated at $0.23 per share, resulting in a premium of $0.52 per Class A common share. The resulting premium of $260,762 was charged to deficit.

(xvi) On September 10, 2014 the Corporation cancelled 53,551 Class A common shares at the fair value of $0.75 per share for a total of $40,163 on acquisition of Limitless (note 5 (ii)).

(xvii) On September 11, 2014, as part of the reverse acquisition (note 5 (i)) the former holders of Redfall common shares received 1 common share of the Corporation for every 1 Redfall common share held.

(xviii) On September 11, 2014, as part of the reverse acquisition (note 5 (i)) the former holders of Southtech common shares received 1 common share of the Corporation for every 5 Southtech common shares held. The transaction is a reverse acquisition of Southtech and has been accounted under IFRS 2, Share-based Payments at fair value.

(xix) On September 11, 2014, in conjunction with the reverse acquisition, the Corporation completed a brokered private placement and issued 4,666,667 common shares at $0.75 for gross proceeds of $3,500,000.

(xx) On September 11, 2014, in conjunction with the reverse acquisition, the Corporation completed a non-brokered private placement and issued 6,666,664 common shares at $0.75 for gross proceeds of $5,000,000.

(xxi) On September 18, 2014, 122,500 stock options were exercised at an average price of $0.47 per stock option for total proceeds of $57,725. The value of the stock options of $59,207 was transferred from contributed surplus to share capital on exercise of these options.

(xxii) On September 11, 2014, in connection with the brokered and non-brokered private placement the Corporation paid a finder's fee of $598,396 and also issued 793,332 finders warrants ("Finders Warrant"). Each Finders Warrant is exercisable to one common share of the Corporation at $0.75 per Finders Warrant for a period of 12 months from the date of closing. The fair value of the Finders Warrants was calculated to be $339,208 using the Black-Scholes option pricing model and was recorded as share issue costs.

10. SHARE CAPITAL *(continued)*

The weighted average number of common shares outstanding used to calculate basic and diluted loss per share for the three and nine months ended September 30, 2014 are 29,576,556 and 23,287,872, respectively (three and nine months ended September 30, 2013 - 15,494,791 and 14,864,416, respectively). All of the stock options and warrants have been excluded from the calculation of diluted loss per share because they are anti-dilutive.

As at September 30, 2014, a total of 9,816,347 common shares (December 31, 2013 - Nil) were held in escrow pursuant to TSXV requirements. The remaining shares will be released from escrow every 6 months by installments of 3,272,116 on February 11, 2015, September 11, 2015 and February 11, 2016 respectively.

11. CONTRIBUTED SURPLUS AND WARRANTS

Contributed surplus and warrants are used to recognize the fair value of stock options and warrants granted. When options and warrants are subsequently exercised, the fair value of such options in contributed surplus and warrants is credited to share capital. Refer to note 12 for further details on the Corporation's stock option plans.

Contributed Surplus

	$
Balance, December 31, 2013	-
Share-based compensation expense	2,352,480
Fair value of Southtech stock options on reverse acquisition (note 5 (i))	49,417
Equity component of convertible debenture transferred on repayment at maturity	7,728
Exercise of stock options	(1,511,227)
Balance, September 30, 2014	**898,398**

Warrants

	$
Balance, December 31, 2013	-
Agent warrants issued	964,709
Share purchase warrants issued	95,662
Finders Warrants issued (note 10 (xxii))	339,208
Exercise of warrants	(59,731)
Balance, September 30, 2014	**1,339,848**

12. STOCK-BASED COMPENSATION AND WARRANTS

The Corporation has a stock option plan ("the Plan") under which the Board of Directors of the Corporation may grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant.

A summary of the Plan transactions for the nine months ended September 30, 2014 and 2013 are as follows:

	For the nine months ended September 30, 2014		For the nine months ended September 30, 2013	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at beginning of period	-	-	-	-
Options granted to employees, consultants, directors and officers	7,008,334	0.33	-	-
Options exercised during the period	(3,455,834)	0.10	-	-
Outstanding at end of period	3,552,500	0.55	-	-

The following provides a summary of the Plan as at September 30, 2014:

Options outstanding			Options exercisable	
Outstanding at September 30, 2014	Weighted average remaining contractual life	Weighted average exercise price $	Number exercisable at September 30, 2014	Weighted average exercise price $
3,552,500	4.87 years	$0.55	1,147,500	$0.58

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the nine months ended September 30, 2014	For the nine months ended September 30, 2013
Exercise price	$0.33	-
Share price	$0.58	-
Dividend yield	0%	-
Forfeiture %	0%	-
Risk-free interest rate	1.61%	-
Expected life of options	4.87 years	-
Expected volatility factor of the future expected market price of Company shares	127%	-

The Corporation's shares started publically trading on September 11, 2014 and as a result do not have sufficient trading history; therefore the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

12. STOCK-BASED COMPENSATION AND WARRANTS *(continued)*

The Corporation recorded share-based compensation expense for options of $2,352,480 (2013 - $Nil) with an offsetting increase to contributed surplus in respect of the share options granted during the nine month period ended September 30, 2014. 3,455,834 stock options were exercised during the period and as a result $1,511,227 was transferred to share capital from contributed surplus.

The Corporation issued 2,275,000 warrants as compensation to agents to purchase common shares in conjunction with convertible debenture issuances during the nine month period ended September 30, 2014. 758,334 of these warrants were issued to an entity related by common officers and directors. The Corporation issued 768,002 share purchase warrants as part of a unit offering. 479,540 of these share purchase warrants were exercised during the period.

The Corporation issued 793,332 finders warrants on September 11, 2014 in connection with the brokered and non-brokered private placement. Each Finders Warrant is exercisable to one common share of the Corporation at $0.75 per Finders Warrant for a period of 12 months from the date of closing of the Qualifying Transaction. Fair value of the Finders Warrants was calculated to be $339,208 using the Black-Scholes option pricing model.

A summary of warrant transactions for the nine months ended September 30, 2014 and 2013 are as follows:

	For the nine months ended September 30, 2014		For the nine months ended September 30, 2013	
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Outstanding at beginning of period	-	-	-	-
Agents warrants granted	2,275,000	0.33	-	-
Warrants granted	768,002	0.52	-	-
Finders Warrants granted	793,332	0.75	-	-
Warrants exercised	(479,540)	0.52	-	-
Outstanding at end of period	3,356,794	0.45	-	-

The following provides a summary of agent warrants as at September 30, 2014:

Agent warrants outstanding			Agent warrants exercisable	
Outstanding at September 30, 2014	**Weighted average remaining contractual life**	**Weighted average exercise price $**	**Number exercisable at September 30, 2014**	**Weighted average exercise price $**
3,356,794	3.62 years	$0.45	3,356,794	$0.45

12. STOCK-BASED COMPENSATION AND WARRANTS *(continued)*

The fair value of each warrant was estimated on the date of the grant, as determined by using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the nine months ended September 30, 2014	For the nine months ended September 30, 2013
Exercise price	$0.45	-
Share price	$0.57	-
Dividend yield	0%	-
Risk-free interest rate	1.08%	-
Expected life of warrants	3.6 years	-
Expected volatility factor of the future expected market price of Company shares	111%	-

The Corporation's shares started publically trading on September 11, 2014 and as a result do not have sufficient trading history; therefore the Corporation has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

The Corporation recorded debenture issue costs for agent warrants of $964,709 (2013 - $Nil) with an offsetting increase to warrants during the period ended September 30, 2014. The Corporation recorded $95,662 (2013 - $Nil) to warrants on the issue of share purchase warrants with an offset to share capital. On exercise of 479,540 of these share purchase warrants $59,731 (2013 - $Nil) was transferred from warrants to share capital during the period ended September 30.

13. RELATED PARTY TRANSACTIONS

(a) The Corporation considers its key management personnel to be its Chief Executive Officer, Chief Relationship Officer, Chief Financial Officer and Chief Technology Officer. Key management compensation is composed of payroll, stock based compensation and consulting fees paid to companies controlled by key management. During the three and nine months ended September 30, 2014, consulting fees paid to key management amounted to $516,684 and $1,078,445, respectively (September 30, 2013 - $Nil and $Nil).

Total personnel expenses for employees, consultants, directors and management included in expenses in the condensed consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2014 was $776,270 and $2,099,628, respectively (September 30, 2013 - $96,374 and $510,339).

(b) On April 28, 2014, the Corporation provided loans to two companies controlled by two key management personnel for $75,000 each for a total of $150,000. These companies provided promissory notes to the Corporation. These two loans bear interest at 3 percent per annum and are payable on maturity on April 28, 2015.

14. COMMITMENTS

The Corporation is committed under a lease on their office space, expiring July 31, 2017 for future minimum rental payments exclusive of occupancy costs as follows:

	$
2014	18,876
2015	76,934
2016	78,936
2017	46,046
	220,792

15. CAPITAL MANAGEMENT

The Corporation optimizes its capital structure with a view to ensure a strong financial position to support its operations and growth strategies. The Corporation's capital structure is made up of share capital, warrants, contributed surplus and deficit as equity components and the Corporation strives to maximize the value associated with its capital. In order to maintain or adjust its capital structure, the Corporation may from time to time issue shares and adjust its spending.

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to capital risk management remained unchanged during the periods presented.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's risk management policies are established to identify, analyze and manage the risks faced by the Corporation and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Corporation's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Corporation's use of financial instruments include credit risk, liquidity risk, market risk and currency risk. These risks, and the actions taken to manage them, include:

(a) Fair value

Due to the short-term nature of cash and cash equivalents, cash held in trust, notes receivable, trade and other payables and trust liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. Long-term investment consists of common shares held in a private corporation. The Corporation has determined that the fair value of these common shares cannot be reliably determined and as such the long-term investment is carried at cost.

(b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions and notes receivable. The maximum exposure to credit risk is equal to the carrying value of the Corporation's cash and cash equivalents, cash held in trust and notes receivable.

The Corporation minimizes credit risk associated with its cash balances substantially by dealing with major financial institutions in Canada and the United States. The notes receivable are due from key management personnel and the Corporation minimizes the associated credit risk by monitoring the amount receivable and the financial position of the debtors.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at September 30, 2014, the Corporation has cash and cash equivalents of $8,198,467 (December 31, 2013 - $92,222) and has a positive net working capital position of $7,526,431 (December 31, 2013 - $795,209 negative net working capital position) in order to manage liquidity risk.

(d) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Corporation, will fluctuate due to changes in foreign currency exchange rates. As at September 30, 2014, the Corporation's exposure to currency risk is limited to cash and cash equivalents in the amount of USD $5,948, and trade and other payables denominated in US dollars in the amount of USD $61,459 (December 31, 2013 - US $228). A 1% change in the exchange rate between the Canadian and US dollar would have a $555 (December – negligible) impact on the net income and cash flows of the Corporation.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

(e) Interest rate risk

Interest rate risk is the risk that the fair value and cash flows associated with the Corporation's interest bearing financial assets and liabilities will fluctuate due to changes in market interest rates. As at September 30, 2014, the Corporation's exposure to interest rate risk is limited to cash and cash equivalents that earns interest at 1.16% per annum. A 1% change in the interest rate would have an $81,985 (December – negligible) impact on the net income and cash flows of the Corporation.

17. SUBSEQUENT EVENTS

(i) On October 1, 2014, 158,386 Finders Warrants were exercised at $0.75 per share for total proceeds of $118,790. The value of the Finders Warrants of $67,722 was transferred from warrants to share capital on exercise of these warrants.

(ii) On October 9, 2014, 20,000 stock options were exercised at $0.50 per share for total proceeds of $10,000. The value of the stock options of $8,236 was transferred from contributed surplus to share capital on exercise of these options.

(iii) On October 14, 2014, 10,000 Finders Warrants were exercised at $0.75 per share for total proceeds of $7,500. The value of the Finders Warrants of $4,276 was transferred from warrants to share capital on exercise of these warrants.

(iv) On October 28, 2014, 42,643 Finders Warrants were exercised at $0.75 per share for total proceeds of $31,982. The value of the Finders Warrants of $18,233 was transferred from warrants to share capital on exercise of these warrants.

(v) On October 29, 2014, 96,000 Finders Warrants were exercised at $0.75 per share for total proceeds of $72,000. The value of the Finders Warrants of $41,047 was transferred from warrants to share capital on exercise of these warrants.

(vi) On November 7, 2014, 5,250 Finders Warrants were exercised at $0.75 per share for total proceeds of $3,938. The value of the Finders Warrants of $2,245 was transferred from warrants to share capital on exercise of these warrants.