ICEsoft Technologies Canada Corp.

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

($CDN)

RSM Alberta LLP

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Independent Auditor's Report

To the Shareholders of ICEsoft Technologies Canada Corp.

Opinion

We have audited the accompanying consolidated financial statements of ICEsoft Technologies Canada Corp. (the "Corporation") and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' deficiency and consolidated statement of cash flows for the year ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ICEsoft Technologies Canada Corp. and its subsidiaries as at December 31, 2018, and their financial performance and their cash flows for the year ended December 31, 2018 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 Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2(c) to the consolidated financial statements which indicates that the Corporation has negative working capital of $2,210,763 and an accumulated deficit of $28,650,884 at December 31, 2018 and a net loss for the year ended December 31, 2018 of $416,335. As stated in note 2(c) these events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Matter

The consolidated financial statements of the Corporation for the year ended December 31, 2017 were audited by another firm of chartered professional accountants who expressed an unmodified opinion on those statements on April 30, 2018.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2018.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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 Terry Booth.

RSM Alberta LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
April 30, 2019

ICEsoft Technologies Canada Corp.
Consolidated Statements of Financial Position
($CAD)
As at

	December 31, 2018 $	December 31, 2017 $
ASSETS		
Current Assets		
Cash and cash equivalents	87,854	-
Accounts receivable (note 17)	23,551	158,986
Prepaid expenses and deposits	20,841	18,137
TOTAL ASSETS	132,246	177,123
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Bank indebtedness	-	2,835
Accounts payable and accrued liabilities (notes 6 and 17)	998,987	1,252,525
Deferred revenue (note 7)	829,602	799,229
Term loans (note 8)	243,264	227,004
Current portion of convertible notes (note 9)	271,156	-
Total Current Liabilities	2,343,009	2,281,593
Convertible notes (note 9)	438,989	549,564
Total Liabilities	2,781,998	2,831,157
Shareholders' Deficiency		
Share capital (note 11)	24,405,501	24,018,708
Equity portion of convertible notes (note 9)	35,690	29,415
Warrants (notes 9, 12 and 13)	232,286	52,980
Contributed surplus (note 12)	3,180,746	3,177,105
Accumulated other comprehensive loss	(1,853,091)	(1,697,693)
Deficit	(28,650,884)	(28,234,549)
Total Shareholders' Deficiency	(2,649,752)	(2,654,034)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	132,246	177,123

Going concern (note 2(c))
Commitments and contingencies (note 15)
Segmented Information (note 18)
Subsequent events (note 19)

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

Approved by the Board of Directors:

"Brian McKinney", Director

	December 31, 2018 $	December 31, 2017 $
Revenues (note 5)		
Subscription income	1,429,426	1,628,557
Maintenance and support	17,259	64,703
License fees	47,745	60,715
Total Revenue	**1,494,430**	**1,753,975**
Expenses (note 14)		
Research & Development	1,204,432	1,245,863
General & Administrative	387,812	544,801
Sales, Marketing, & Operations	148,508	179,629
Total Expenses	**1,740,752**	**1,970,293**
Net Operating Loss	**(246,322)**	**(216,318)**
Other Income (Expense)		
Other income	-	4,781
Finance expense (note 14)	(138,585)	(70,177)
Foreign exchange	(27,787)	246
Stock based compensation (notes 12 and 13)	(3,641)	(22,582)
Gain on debt forgiveness (note 8)	-	147,793
Total Other Income (Expense)	**(170,013)**	**60,061**
Net Loss	**(416,335)**	**(156,257)**
Other Comprehensive Loss		
Exchange gain (loss) on translation of foreign operations	(155,398)	68,460
Comprehensive loss	**(571,733)**	**(87,797)**
Loss per share - basic and diluted (note 11)	**(0.01)**	**(0.00)**

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

ICEsoft Technologies Canada Corp.
Consolidated Statements of Changes in Shareholders' Deficiency
($ CDN)

	Share Capital	Equity component of convertible notes	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance December 31, 2016	24,012,256	-	424,021	2,745,425	(28,078,292)	(1,766,153)	(2,662,743)
Issuance of Units (note 11)	6,452	-	3,548	-	-	-	10,000
Warrants expired in the year (note 13)	-	-	(409,098)	409,098	-	-	-
Convertible debentures issued (note 9)	-	29,415	-	-	-	-	29,415
Financing Warrants Issued (notes 11, 12 and 13)	-	-	34,509	-	-	-	34,509
Stock based compensation (notes 12 and 13)	-	-	-	22,582	-	-	22,582
Net Loss and Comprehensive Loss	-	-	-	-	(156,257)	68,460	(87,797)
Balance December 31, 2017	**24,018,708**	**29,415**	**52,980**	**3,177,105**	**(28,234,549)**	**(1,697,693)**	**(2,654,034)**
Issuance of Units (notes 11, 12 and 13)	394,221	-	176,819	-	-	-	571,040
Convertible debentures issued (note 9)		6,275					6,275
Financing Warrants Issued (notes 11, 12 and 13)	-	-	6,780	-	-	-	6,780
Stock based compensation (notes 12 and 13)	-	-	-	3,641	-	-	3,641
Equity issuance costs (notes 11 and 12)	(7,428)	-	(4,293)	-	-	-	(11,721)
Net Loss and Comprehensive Loss	-	-		-	(416,335)	(155,398)	(571,733)
Balance December 31, 2018	**24,405,501**	**35,690**	**232,286**	**3,180,746**	**(28,650,884)**	**(1,853,091)**	**(2,649,752)**

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

	December 31, 2018 $	December 31, 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(416,335)	$(156,257)
Add back (deduct) items not involving cash:		
Finance expense (note 14)	89,896	30,931
Gain on debt forgiveness (note 8)	-	(147,793)
Stock-based compensation (note 12)	3,641	22,582
	(322,798)	(250,537)
Changes in non-cash working capital items:		
Accounts receivable	135,435	(16,420)
Prepaid expenses and deposits	(2,704)	6,551
Accounts payable and accrued liabilities	(253,538)	141,649
Deferred revenue	30,373	(420,116)
Net cash used in operating activities	**(429,492)**	**(538,873)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of units (notes 11 and 13)	559,319	10,000
Proceeds from issuance of term loans	-	60,000
Proceeds from issuance of convertible note (note 9)	100,000	330,000
Net cash generated by financing activities	**659,319**	**400,000**
Effect of change in foreign exchange rates on cash	(155,398)	68,460
Net increase (decrease) in cash and cash equivalents for the year	90,689	(70,413)
Cash and cash equivalents (bank indebtedness), beginning of the year	(2,835)	67,578
Cash and cash equivalents (bank indebtedness), end of the year	**87,854**	**(2,835)**

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

1. NATURE OF OPERATIONS

ICEsoft Technologies Canada Corp. (the "Corporation" or "ICEsoft"), was incorporated on May 10, 2002 under the Canada *Business Corporations Act.* The Corporation's primary products consist of the Clickware products including ICEfaces and ICEpdf, and Voyent Alert.

ICEsoft and its subsidiaries are commercial Java open source technology companies and providers of mobile rich Internet applications development solutions for desktop and mobile enterprise. ICEsoft's head office is located at 370, 3553 31st Street NW, Calgary, Alberta, Canada, T2L 2K7.

The consolidated financial statements of the Corporation as at and for the years ended December 31, 2018 and 2017 consist of the Corporation and its wholly owned subsidiaries. ICEsoft wholly owns ICEsoft Technologies Holdings Ltd, which acts as the Corporation's main Canadian operating entity; and wholly owns ICEsoft Technologies Inc, incorporated in the State of Delaware, which acts as the United States operating entity.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 30, 2019.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except as noted in Notes 3(f) and (k).

(c) Going concern

These 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 December 31, 2018 the Corporation has cash and equivalents of $87,854 (December 31, 2017 - bank indebtedness of $2,835). Additionally, as at December 31, 2018 the Corporation has a negative net working capital position of $2,210,763 (December 31, 2017 - $2,104,470). The Corporation also has an accumulated deficit of $28,650,884 (December 31, 2017 - $28,234,549) as at December 31, 2018. The Corporation has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2018 is uncertain. Until this time, management will have to raise funds by way of debt or equity issuances or improve profitability. The Corporation will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as needed until the Corporation succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

2. BASIS OF PRESENTATION (continued)

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

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Corporation and ICEsoft Technologies Holdings Ltd. The functional currency of ICEsoft Technologies Inc. is U.S. dollars ("USD").

(e) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in these 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 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. SIGNIFICANT ACCOUNTING POLICIES

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

(a) New standards adopted during the year:

The following new standards are effective for the first time for periods beginning on or after January 1, 2018 and has been applied in preparing these consolidated financial statements.

Impact of changes in accounting policies

(i) IFRS 9 – "Financial Instruments"

On January 1, 2018, the Corporation adopted the new accounting standard IFRS 9 – *"Financial Instruments"* ("IFRS 9"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach used under IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and on the contractual cash flow characteristics of financial assets. The new standard also requires a single, forward-looking impairment method to be used, replacing the multiple impairment methods under the previous standard, IAS 39 – *"Financial Instruments: Recognition and Measurement".* For financial liabilities, IFRS 9 retains most of the requirements in place under IAS 39. IFRS 9 was applied on a modified retrospective basis and did not require any adjustments to the Corporation's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets previously classified as "loans and receivables" (cash and cash equivalents and accounts receivable), as well as financial liabilities previously classified as "other financial liabilities" (bank indebtedness, accounts payable and accrued liabilities, term loans and convertible notes) have been reclassified to amortized cost. The carrying value and measurement of all financial instruments remains unchanged. The Corporation's current process for assessing trade and other receivables' lifetime expected credit losses individually is unadjusted with the adoption of the new impairment model and resulted in no additional impairment allowance.

(ii) IFRS 15 – "Revenue from Contracts with Customers"

On January 1, 2018, the Corporation adopted the new accounting standard IFRS 15 – *"Revenue from Contracts with Customers"* ("IFRS 15"). IFRS 15 introduced a single model for recognizing revenue from contracts with customers and applies to all contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs and provides revised guidance on principal versus agent considerations. IFRS 15 was adopted using the modified retrospective approach in the preparation of these consolidated financial statements. The implementation of this standard did not require any adjustments to the Corporation's consolidated financial statements.

(b) Revenue Recognition:

The Corporation's primary sources of revenue under its contracts with customers are the sale of software licenses, the subsequent provision of post-contract customer support ("PCS") related to that software and ad hoc service and maintenance. The PCS includes updates, support, maintenance and training. The various distinct performance obligations contained in the Corporation's contracts with its customers and the timing of revenue recognition on those obligations is as follows:

Performance Obligation	Timing of the satisfaction of the performance obligation	Pattern of transfer of control
Licenses when ongoing updates are critical to the utility of the software	Rataby over the term of the subscription	Over time
Licenses when ongoing updates are not critical to the utility of the software	Upon provision of the software	At a point in time
Support, maintenance and updates (when those updates are not critical to the utility of the software)	Rataby over the term of the subscription	Over time
Ad hoc service and maintenance	As the services are provided	Over time

Licenses when ongoing updates are not critical to the utility of the software and Support, maintenance and updates (when those updates are not critical to the utility of the software) are included in subscription income in the consolidated statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Typical payment terms for licensing, software, maintenance and updates are upon signing of the subscription. Payment for ad hoc service and maintenance is typically upon completion of the service. The Corporation applies the practical expedient in IFRS 15 and does not adjust the amount of consideration for the effects of any financing components on subscriptions with terms of one year or less.

The Corporation does not have any contracts which contain variable consideration.

The Corporation allocates the transaction price to its performance obligations using their stand-alone prices.

(c) Research and development:

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Corporation's development group, are capitalized as intangible assets when the Corporation can demonstrate that the technical feasibility of the project has been established; the Corporation intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Corporation can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated useful life. The Corporation did not have any development costs that met the capitalization criteria for the years ended December 31, 2018 or 2017.

(d) Leases:

Leases are classified as either finance or operating leases. Leases that effectively transfer substantially all the risks and rewards of ownership to the Corporation are finance leases and are accounted for as an acquisition of an asset and an assumption of an obligation at the inception of the lease, measured at the lower of the fair value or the present value of the minimum lease payments. Obligations recorded under finance leases are reduced by the lease payments, net of imputed interest. All other leases are accounted for as operating leases and rental payments are recorded as expenses on a straight-line basis over the term of the related lease.

(e) Foreign currency translation:

Foreign currency transactions are initially recorded in the individual Corporation's functional currency at the transaction date exchange rate. At year end, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the year end exchange rate. All foreign currency adjustments are recognized in profit or loss.

Financial statements of subsidiaries for which the functional currency is not the presentation currency are translated into Canadian dollars. All asset and liability accounts are translated at the year end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the year. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments:

Financial instruments are measured at fair value on initial recognition, which is typically the transaction price unless a significant financing component is present. Subsequent measurement is dependent on whether the instrument is classified as “amortized cost”, “fair value through profit or loss” or “fair value through other comprehensive income”. The classification of financial assets is determined by their characteristics and their context in the Corporation's business model.

The Corporation classifies financial assets and liabilities as follows:

(i) Amortized cost: Cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, term loans and convertible notes are held by the Corporation to collect or pay contractual cash flows and are measured at amortized cost. Financial instruments measured at amortized cost are recognized initially at fair value, adjusted for any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.

(ii) Fair value through profit or loss: The Corporation has no financial instruments held to both collect contractual cash flows and to sell the asset, and accordingly, no financial instruments are measured at fair value through profit or loss.

(iii) Fair value through other comprehensive income: The Corporation has no financial instruments that do not meet the criteria to be measured at amortized cost or fair value through profit or loss and, accordingly, no financial instruments are measured at fair value through other comprehensive income.

The Corporation derecognizes a financial asset when the contractual right to the cash flow expires, or the right to receive the contractual cash flows from the financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred. The Corporation derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

(g) Equity:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Share capital and warrants are classified as equity. Incremental costs directly attributable to the issue of share capital and warrants are recognized as a deduction from equity. The Corporation allocates the proceeds from each unit issue to the common share and the warrant components based on their respective fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Stock-based compensation:

The Corporation uses the fair value method for valuing stock-based compensation. Under this method, the cost attributed to stock options and warrants granted is measured at the fair value using the Black-Scholes option pricing model at the grant date; compensation cost for options is expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the settlement of the stock options and warrants the previously recognized value is recorded as an increase to share capital.

The Corporation measures stock-based payments to non-employees at the date of receipt of the goods or services. If the fair value cannot be measured reliably, the value of the options or warrants granted will be used.

(i) Impairment:

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliability.

In assessing impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance against receivables.

(j) Taxation and tax credits:

The income tax provision includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income or equity. In these specific cases, the income tax expense is recognized in other comprehensive income or equity, respectively.

Deferred taxes are accounted for using the liability method. Under this approach, deferred tax assets and liabilities are determined based on the differences between the carrying amounts and the tax bases of assets and liabilities and are measured using the enacted or substantively enacted tax rates and laws. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred tax assets are recognized to the extent that it is probable there will be sufficient taxable profits against which to utilize the benefits in the future. 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.

Income tax receivables and payables are obligations or claims for the current and prior periods to be paid to (or recovered from) taxation authorities that are still outstanding at the end of the reporting period. Current tax is computed based on tax profit which differs from net profit. This calculation was made using tax rates and laws which are enacted or substantively enacted at the end of the reporting period.

Tax credits, including research and development tax credits, are not recognized until there is reasonable assurance that the Corporation will meet the eligibility criteria of the credits and that they will be received. Tax credits are recognized as a deduction to the related expenses.

(k) Compound financial instruments:

The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the issuance date, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability based on amortized cost until the instrument is converted or matures. The equity component is determined by deducting the liability component from the total fair value of the compound instrument and is recognized as equity, net of income tax effects, with no subsequent re-measurement.

(l) Fair value measurement:

A number of the Corporation's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

The Corporation classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Per share amounts:

Basic per share amounts are calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments. The Corporation computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average market prices.

(n) Accounting standards issued but not yet adopted

(i) IFRS 16 – *"Leases"*

IFRS 16 – "Leases" replaces IAS 17 – "Leases" and removed the classification of leases as either operating leases or finance leases, instead applying a single recognition and measurement model for all leases. Under IFRS 16, recognition of assets and liabilities on the statement of financial position will be required for most leases. Short term leases (less than 12 months) and leases of low value assets are exempt from the requirements. The standard will come into effect for annual periods beginning on or after January 1, 2019, with early adoption permitted if the entity is also applying IFRS 15. The standard is required to be adopted either retrospectively or using a modified retrospective approach. As at December 31, 2018, IFRS is being assessed to determine its impact on the Corporation's consolidated financial results and financial position.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the 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 consolidated financial statements.

(a) Areas of judgment

i. 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).

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

ii. Revenue

The Corporation makes judgments in determining whether a performance obligation is distinct (i.e. if a service is separately identifiable from other services provided and if the customer can benefit from it). Performance obligations are accounted for separately if they are distinct. The determination as to whether the licenses is separable from its related updates is based on whether those updates are critical to the software's utility.

(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) Stock-based compensation

The amounts recognized relating to the fair value of stock options and warrants are based on estimates of future volatility in the Corporation's share prices, the expected lives of options and warrants, the risk-free interest rate, and other relevant assumptions. Volatility is estimated based on the average price volatility of common shares of a comparative group of public companies over the preceding period equaling the expected lives of the Corporation's options.

(iii) 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 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. REVENUE

The Corporation disaggregates revenue by two major service lines: (1) "Clickware" and (2) "Voyent Alert" revenue. Both categories include subscription revenue earned on software access licence agreements and support and maintenance revenue earned from providing customer requested assistance and updates within the reporting year.

	December 31, 2018 $	December 31, 2017 $
Revenue by major category		
Clickware	**1,491,163**	1,753,975
Voyent Alert	**3,267**	-
Total	**1,494,430**	1,753,975

The Corporation has two operating segments serving all geographic locations with similar disaggregation (note 17).

Revenue allocated to remaining performance obligations

(i) Estimate of future revenue

As at December 31, 2018, revenues allocated to remaining performance obligations from subscription contracts extending through to 2021, total approximately $830,000. Of this amount, approximately $745,000 is expected to be recognized in 2019, $77,000 in 2020 and $8,000 in 2021.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2018 $	December 31, 2017 $
Trade payables	382,666	615,550
Payroll liabilities	616,321	636,975
	998,987	**1,252,525**

Trade accounts payable are non-interest bearing and are normally due on 30 to 60 day terms. As at December 31, 2018, the Corporation has $218,690 (2017 - $444,295) in trade accounts payable beyond 60 days.

7. DEFERRED REVENUE

Timing differences between invoicing, cash collection, and revenue recognition results in accounts receivable and also results in deferred revenue on the consolidated statement of financial position. Amounts are billed in accordance with the terms of each customer contract. For most contracts, the Corporation receives payments for contract subscriptions prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue.

7. DEFERRED REVENUE *(continued)*

All deferred revenue accrued in 2017 and 2018 relates to certain subscription agreements. Changes in deferred revenue during the year consists of:

	December 31, 2018 $	December 31, 2017 $
Deferred revenue		
Opening balance	**799,229**	1,219,345
Collected	**1,426,167**	1,462,791
Recognized in revenue		
From opening balances	**825,686**	1,011,783
From additions in period	**600,481**	599,646
Foreign exchange gain / (loss)	**30,373**	(271,478)
Closing balance	**829,602**	799,229

8. TERM LOANS

A summary of the term loans outstanding is as follows:

	December 31, 2018 $	December 31, 2017 $
Government royalty financing payable, unsecured, bearing interest at back prime plus 3%, due on demand. (i)	56,549	53,661
Notes payable to President and CEO, bearing interest at 6%, unsecured, and due on demand (ii)	186,715	173,343
Total debt outstanding	**243,264**	**227,004**
Less current portion	(243,264)	(227,004)
Long term portion	**-**	**-**

(i) During the year ended December 31, 2017 $147,793 of the financing was forgiven, resulting in a gain on the consolidated statement of loss. During the year ended December 31, 2018, interest totalling $2,888 was accrued on the remaining principal loan balance.

(ii) During the year ended December 31, 2018, interest totalling $13,372 was accrued on the remaining principal loan balance.

9. CONVERTIBLE NOTES

During the year ended December 31, 2018, the Corporation issued one new convertible note for $100,000. The note bears interest at 12% annual interest with a maturity date of March 19, 2021. The note is convertible to common shares at a conversion price of $0.15 per share. In addition, for each dollar of principal the purchaser received one warrant that can be converted to ten common shares of the Corporation at a purchase price of $0.20 per share. The warrants expire March 19, 2022. No notes or warrants were converted during the year ended December 31, 2018.

9. CONVERTIBLE NOTES *(continued)*

During the year ended December 31, 2017, the Corporation issued four new convertible notes totalling $330,000 and amended three existing notes payable to agreements valued at $260,170 to include conversion features. The notes bear interest at 12% annual interest with a maturity dates of November 21, 2020, December 11, 2020 and December 31, 2019. The notes are convertible to common shares at a conversion price of $0.15 per share. In addition, for each dollar of principal the purchaser received one warrant that can be converted to ten common shares of the Corporation at a purchase price of $0.20 per share. The warrants expire November 21, 2021, December 12, 2021 and December 31, 2021. No notes or warrants were converted during the year ended December 31, 2017.

In accordance with IAS 32, the Corporation has determined the fair value of the liability by discounting the expected future cash flows of the liability component at a market rate of interest of 18% (2017 – 18%) for non-convertible debt. During the year ended December 31, 2018, the Corporation recognized accretion expense of $26,769 (2017 - $NIL).

The residual value assigned to equity is bifurcated between the conversion feature of the note and the detachable warrant based on their respective values as determined by the Black-Scholes option pricing model. In 2018, $6,780 (2017 - $34,509) was assigned to the detachable warrants and $6,275 (2017 - $29,415) was assigned to the conversion feature of the note.

10. INCOME TAXES

The income tax provision differs from the amount that would be computed by applying the statutory income tax rates to profit or loss before income taxes.

The reconciliation of the differences is as follows:

	December 31, 2018	**December 31, 2017**
	$	**$**
Loss before income taxes	**(416,335)**	(156,257)
Weighted average statutory income tax rate	**33.44%**	31.27%
Expected income tax recovery	**(139,222)**	(48,862)
Change in valuation allowance	**(53,771)**	33,963
Prior year adjustment to actual	**(26,784)**	-
Effect of change in tax rates	**240,430**	-
Stock-based compensation	**983**	7,061
Other	**21,636**	7,838
Income tax recovery	**-**	-

The effective tax rate has decreased due to changes in income and losses between the Canadian and US companies, offset by a reduction in US tax rates from 37.63% to 24.87%.

10. INCOME TAXES *(continued)*

The net deferred tax asset is comprised of the following temporary differences:

	December 31, 2018 $	December 31, 2017 $
Non-capital losses	**2,333,874**	2,387,140
Property and equipment	**1,692**	2,197
Valuation allowance	**(2,335,566)**	(2,389,337)
Deferred tax asset	**-**	**-**

As at December 31, 2018, the Corporation has Canadian non-capital loss carry forwards of approximately $6,304,476 (2017 - $6,205,278) and US non-capital loss carry forwards of approximately US $1,529,886 (2017 - US $1,646,491). The non-capital loss carry forwards expire at various dates from 2018 to 2038. The Corporation also has tax deductible balances of $8,138 (2017 - $8,138), relating to property and equipment, which have not been recognized on the consolidated statement of financial position.

11. 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, 2016	**42,945,824**	**24,012,256**
Issuance of shares for cash (i)	100,000	6,452
Balance, December 31, 2017	**43,045,824**	**24,018,708**
Issuance of shares for cash (ii)	4,758,666	394,221
Equity issuance cost	-	(7,428)
Balance, December 31, 2018	**47,804,490**	**24,405,501**

(i) On November 22, 2017, the Corporation issued 100,000 units at a price of $0.10 per unit for gross proceeds of $10,000. Each unit consisted of one common share and two common share purchase warrants. The warrants had an exercise price of $0.20 per common share and expire on November 21, 2021. The warrants have been assigned a value of $3,548 based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.

(ii) During the year ended December 31, 2018, the Corporation issued 4,758,666 units at a price of $0.12 per unit for gross proceeds of $571,040. Each unit consisted of one common share and one common share purchase warrant. The warrants had an exercise price of $0.20 per share and expire three years from date of issuance. The warrants were assigned a value of $176,819 based on the relative fair value of the shares and warrants. The value of the warrants was calculated using the Black-Scholes option pricing model.

11. SHARE CAPITAL *(continued)*

(iii) The weighted average number of common shares outstanding used to calculate basic and diluted loss per share is 44,653,648 for the year ended December 31, 2018 (2017 – 42,957,057). The Corporation excluded all convertible notes, stock options from the calculation of diluted income per share for the years ended December 31, 2018 and December 31, 2017, as they would be anti-dilutive.

12. CONTRIBUTED SURPLUS & WARRANTS

Contributed surplus includes the fair value of stock options granted. When options are subsequently exercised, the fair value of such options is removed from contributed surplus and is credited to share capital. Refer to note 12 for further details on the stock option plan.

	$
Balance, December 31, 2016	**2,745,425**
Stock-based compensation expense	22,582
Warrants expired	409,098
Balance, December 31, 2017	**3,177,105**
Stock-based compensation expense	3,641
Balance, December 31, 2018	**3,180,746**

Warrants includes the value of warrants grants to support financings. When warrants are subsequently exercised, the fair value of such warrants is credited to the share capital account. When warrants expire, their value is credited to contributed surplus. Refer to notes 8 and 12 for further details on warrant transactions.

	$
Balance, December 31, 2016	424,021
Warrants granted	38,057
Warrants expired	(409,098)
Balance, December 31, 2017	52,980
Warrants granted	183,599
Equity issuance cost	(4,293)
Balance, December 31, 2018	232,286

13. STOCK-BASED COMPENSATION & WARRANT TRANSACTIONS

(a) 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 other providing services to the Corporation, non-transferable options to purchase common shares, exercisable for a period of five to seven years from the date of grant.

A summary of the Plan transactions for the year ended December 31, 2018 and December 31, 2017 are as follows:

	For the year ended December 31, 2018		**For the year ended December 31, 2017**	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at beginning of year	4,780,000	0.14	4,900,000	0.14
Options granted	-	-	-	-
Options cancelled / forfeited	(150,000)	0.13	(120,000)	0.13
Outstanding at end of year	4,630,000	0.14	4,780,000	0.14
Exercisable at end of year	4,630,000	0.14	4,660,000	0.14

The weighted average remaining life of all options outstanding at December 31, 2018 is 2.19 years (2017 – 2.31 years).

The Corporation recorded stock-based compensation expense for options of $3,641 (December 31, 2017 - $22,582) with an offsetting increase to contributed surplus in respect of the stock options granted to Directors.

No options were granted or exercised during the years ended December 31, 2018 or December 31, 2017.

13. STOCK-BASED COMPENSATION & WARRANT TRANSACTIONS *(continued)*

(b) A summary of warrant transactions is as follows:

	Number of Warrants	Weighted average exercise price	Expiry Date
Outstanding at December 31, 2016	**5,119,555**	**0.29**	
Issued November 22, 2017	200,000	0.20	Nov 21, 2021
Issued November 22, 2017 with convertible debt	250,000	0.20	Nov 21, 2021
Issued December 12, 2017 with convertible debt	1,000,000	0.20	Dec 12, 2021
Issued December 31, 2017 with convertible debt	4,651,150	0.20	Dec 31, 2021
Expired	(5,019,555)	0.30	
Outstanding at December 31, 2017	**6,201,150**	**0.21**	
Issued throughout 2018	4,758,666	0.20	Throughout 2021
Issued March 19, 2018 with convertible debt	1,000,000	0.20	March 19, 2022
Outstanding at December 31, 2018	**11,959,816**	**0.20**	

	Number of Warrants	Weighted average remaining contractual life (Yrs)	Weighted average exercise price $
Outstanding at December 31, 2018	11,959,816	2.79	0.20

The fair value of the warrants used in the input into the bifurcation of units 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 year ended December 31, 2018	For the year ended December 31, 2017
Fair Value of warrants	$0.16	$0.16
Exercise Price	$0.20	$0.21
Share Price	$0.08	$0.06
Dividend Yield	-	-
Forfeiture %	-	-
Risk-free interest rate	2.1%	1.7%
Expected life of warrants	2.79 years	2.37 years
Expected volatility	100%	100%

No warrants were exercised during the year ended December 31, 2018.

14. FINANCE EXPENSE

	2018	2017
Interest on term loan	$ 16,260	$ 46,804
Interest on convertible notes	122,325	23,373
	$ 138,585	$ 70,177

Finance expense includes non-cash interest of $16,260 (2017 - $7,558) on the term loan and $73,636 (2017 - $23,373) on the convertible note.

15. RELATED PARTY TRANSACTIONS

The Corporation considers its key management personnel to be its Chief Executive Officer; Chief Financial Officer; and directors. Key management compensation is composed of payroll, stock based compensation and consulting fees paid to key management and companies controlled by key management. During the year ended December 31, 2018, key management compensation amounted to $110,000 (2017 - $196,976), split between general and administrative, marketing and customer operations, research and development expenses and stock-based compensation based on work performed.

The Corporation incurred interest expense of $24,315 (2017 - $36,328) on term loans and convertible notes held by key management personnel during the year ended December 31, 2018. Key management personnel have accounts payable owing from the Corporation, including interest, payroll and vacation accruals, in the amount of $600,634 at December 31, 2018 (2017 - $476,632) and hold long-term debt and convertible notes payable from the Corporation totaling $567,400 at December 31, 2018 (2017 – $661,443). These notes were issued in the normal course of business.

Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss and comprehensive loss total $1,410,398 (2017 - $1,567,531) for the year ended December 31, 2018, split between general and administrative, sales, marketing and operations, and research and development expenses, based on work performed.

16. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Corporation is committed under a lease on office space, expiring October 2021 for future minimum rental payments exclusive of occupancy costs. These payments are as follows:

	$
2019	37,876
2020	38,618
2021	35,277

17. 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 items that assist in funding operations and include convertible notes and equity, comprised of share capital, contributed surplus, warrants, accumulated other comprehensive loss, and deficit. The Corporation strives to maximize the value associated with its capital. To maintain or adjust its capital structure, the Corporation may from time to time issue shares and adjust its spending.

The corporation's capital consists of:

	December 31, 2018	**December 31, 2017**
	$	**$**
Convertible notes	710,145	549,564
Common shares	24,405,501	24,018,708
Equity portion of convertible notes	35,690	29,415
Contributed surplus	3,180,746	3,177,105
Warrants	232,286	52,980
Accumulated other comprehensive income	(1,853,091)	(1,697,693)
Deficit	(28,650,884)	(28,234,549)
Total shareholders' deficiency	(2,649,752)	**(2,654,034)**

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 years presented.

18. 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, accounts receivable, deposits, bank indebtedness and accounts payable and accrued liabilities, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value. The carrying amounts of the term loans and convertible debentures approximate their fair value due either to the interest rate approximating market rates or because of the short period maturity.

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

(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 accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the Corporation's cash and cash equivalents and accounts receivable.

The Corporation minimizes credit risk associated with its cash balance substantially by dealing with major financial institutions in Canada and the United States.

The Corporation is exposed to normal credit risk from customers. Accounts receivable are generally unsecured, subject to the Corporation's ability to file security interest under certain conditions. Accounts receivable are normally collected 30 days after invoicing. Default rates on unsecured credit have traditionally been below 1% of annual revenue. Licenses for proprietary software cease to function if payments are not kept current. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries. Additional sales and services may be withheld if a customer fails to pay its obligations in a timely manner. The Corporation considers accounts over 30 days old overdue. As at December 31, 2018, accounts receivable over 30 days old were $19,933 (2017 - $27,682). The Corporation did not record any bad debts during the year ended December 31, 2018 or 2017.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at December 31, 2018 the Corporation has cash and equivalents of $87,854 (2017 - bank indebtedness of $2,835). Additionally, as at December 31, 2018 the Corporation has negative net working capital position of $2,210,763 (2017 - $2,104,470). The Corporation also has an accumulated deficit of $28,650,884 (2017 - $28,234,549) as at December 31, 2018. The Corporation will closely monitor its cash and will take the necessary measures to manage its liquidity risk, such as reducing spending, improving profitability or raising funds as needed.

(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 December 31, 2018, the Corporation's exposure to currency risk is limited to cash and equivalents denominated in US dollars in the amount of US $12,776 (2017 - bank indebtedness of US $592), accounts receivable of US $16,970 (2017 – US $118,000), notes payable of US $NIL (2017 – US $NIL), accounts payable and accrued liabilities denominated in US dollars in the amount of US $319,058 (2017 - US $319,002). A 1% change in the exchange rate between the Canadian and US dollar would have a $2,843 (2017 - $2,004) impact on the net loss and cash flows of the Corporation.

18. 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 December 31, 2018, the Corporation is exposed to this risk as its convertible debentures bear interest at fixed rates.

19. SEGMENTED INFORMATION

The Corporation has two operating segments serving all geographic locations. Substantially all of the Corporation's revenues are generated in the United States, whereas substantially all of the Corporation's assets are located in Canada. The Corporation currently operates two operating segments as follows:

	December 31, 2018		
	Legacy Business $	**Voyent Business $**	**Total $**
Revenue	**1,491,163**	**3,267**	1,494,430
Expenses			
Research & Development	722,659	487,773	1,204,432
General & Administrative	232,687	155,124	387,811
Sales, Marketing, & Operations	89,105	59,403	148,508
Total Expenses	1,044,451	702,300	1,740,751
Net Operating Income (loss)	**446,712**	**(699,033)**	**(246,321)**

Operating segments	**Legacy Business $**	**Voyent Business $**	**Total $**
Current assets	**129,039**	**3,207**	**132,246**
Current liabilities			
Accounts payable and accrued liabilities	786,916	212,071	998,987
Other	1,072,866	-	1,072,866
Current liabilities	**1,859,782**	**212,071**	**2,071,853**

19. SEGMENTED INFORMATION *(continued)*

	December 31, 2017		
	Legacy Business $	Voyent Business $	Total $
Revenue	1,753,975	-	1,753,975
Expenses			
Research & Development	631,450	614,413	1,245,863
General & Administrative	476,685	68,116	544,801
Sales, Marketing, & Operations	163,433	16,196	179,629
Total Expenses	1,271,568	698,725	1,970,294
Net Operating Income (loss)	**482,408**	**(698,725)**	**(216,318)**

Operating segments	Legacy Business $	Voyent Business $	Total $
Current assets	**166,751**	**10,372**	**177,123**
Current liabilities			
Accounts payable and accrued liabilities	910,648	341,877	1,252,525
Other	1,030,768	-	1,030,768
Current liabilities	**1,941,416**	**341,877**	**2,283,293**

20. SUBSEQUENT EVENTS

On February 15, 2019, the Canadian Securities Exchange conditionally approved ICEsoft Technologies Canada Corp. for listing subject to a) the completion of an equity raise of $350,000 comprised of units at $0.12 per unit with each unit being comprised of one common share and one warrant to purchase one common share at $0.20 per share and b) completion of filing documentation and payment of related fees.

On March 29, 2019, the Corporation converted $120,000 of a possible $193,146 worth of term loans outstanding held by a member of management into 1,000,000 units at $0.12 per unit. Each unit consists of one common share in the Corporation and one purchase warrant. Each warrant allows the purchase of one common share at an exercise price of $0.20 per share. The warrants expire three years after issuance. As part of the transaction, the remaining $73,146 unconverted term loans were consolidated into a single term loan from the lender to the Corporation. The term loan is unsecured, bears interest at 6% per annum, and matures on July 1, 2021.

On March 31, 2019, the Corporation extended maturity dates of all outstanding convertible notes as at December 31, 2017 one year. All convertible notes now expire on dates throughout 2021 (2017 – 2020). As part of each issuance, the debenture holder was entitled to warrants which can be converted to common shares. The warrant expiry date was also extended one year. All warrants expire on dates throughout 2022 (2017 – 2021). No other terms of the convertible debt agreements were amended.

20. SUBSEQUENT EVENT *(continued)*

Between January 1, 2019 and April 15, 2019, the Corporation issued 2,921,249 units at $0.12 per unit for gross proceeds of $350,550. Each unit consists of one common share in the Corporation and one purchase warrant. Each warrant allows the purchase of one common share at an exercise price of $0.20 per share. The warrants expire three years after issuance.