CARL DATA SOLUTIONS INC.
(FORMERLY CARL CAPITAL CORP.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

(UNAUDITED)

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MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited Condensed consolidated interim financial statements of CARL Data Solutions Inc. (formerly Carl Capital Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited Condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, Wolrige Mahon LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

As at	**SEPTEMBER 30, 2017**	**JUNE 30, 2017**
ASSETS		
Current Assets		
Cash	$ 21,787	$ 40,606
Accounts and other receivables (note 7)	338,537	216,864
Prepaid expenses	227,280	228,993
	587,604	486,463
Non-Current Assets		
Software in development (note 8)	287,600	287,600
Software application (notes 6 and 8)	135,355	174,039
Customer list (note 8)	388,295	439,198
Goodwill (note 6)	36,421	36,421
Total Assets	$ 1,435,275	$ 1,423,721
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	$ 538,543	$ 808,984
Loans payable (note 10)	184,268	448,907
Convertible note (note 11)	402,466	29,735
	1,125,277	1,287,626
Convertible Note (note 11)	-	357,999
Total Liabilities	1,125,277	1,645,625
Shareholders' Equity (Deficiency) (note 12)		
Share capital	9,731,924	7,910,928
Reserves	503,442	436,221
Equity conversion feature on convertible note	78,296	78,296
Subscriptions received in advances	232,964	-
Accumulated other comprehensive gain	2,014	16,407
Commitment to issue shares	15,111	317,333
Deficit	(10,253,753)	(8,981,089)
	309,998	(221,904)
Total Liabilities and Shareholders' Equity	$ 1,435,275	$ 1,423,721

Nature of Operations and Going Concern (note 1)
Commitments (note 19)
Subsequent Events (note 20)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Kevin Ma" *(signed)*
Director

"Chris Johnston" *(signed)*
Director

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS
(UNAUDITED)

(Expressed in Canadian dollars)	For the three months ended September 30, 2017	For the three months ended September 30, 2016
Revenue		
Data services	$ 204,337	$ 213,345
Other	158,192	72,684
	362,529	286,029
Expenses		
Accretion	14,732	23,484
Amortization (note 8)	63,227	73,689
Computer	66,112	14,729
Consulting	276,400	734,319
Filing and transfer agent	3,476	4,159
Foreign exchange loss (gain)	13,442	(17,314)
Interest (note 10)	35,475	15,982
Investor relations	274,999	46,387
Marketing	11,430	9,580
Occupancy	49,335	17,837
Office	34,345	43,284
Professional	67,041	42,511
Share-based payments (note 14)	46,052	57,525
Salaries and wages	252,284	260,951
Travel	30,897	25,322
Operating Loss	(876,718)	(1,066,416)
Other expenses		
Financing costs (note 11)	292,028	15,770
Loss on settlement (note 12)	103,918	-
Loss for the period	(1,272,664)	(1,082,186)
Other comprehensive loss		
Foreign exchange (loss) gain on translation of subsidiary	(14,393)	18,524
Comprehensive loss for the period	$ (1,287,057)	$ (1,063,662)
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	41,875,030	33,394,075
Loss Per Share		
Basic and Diluted	($0.03)	($0.03)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended September 30, 2017	For the three months ended September 30, 2016
Cash Flows used in Operating Activities		
Net loss for the period	$ (1,272,664)	$ (1,082,186)
Non-cash items		
Amortization	63,227	65,100
Accrued interest expense	20,268	748
Accretion expense	14,732	23,484
Loss on settlement	103,918	-
Shares issued for financing costs	291,022	-
Share-based payments	46,052	57,525
Changes in non-cash working capital items:		
Accounts and other receivables	(131,129)	(113,921)
Prepaid expenses	1,879	(291,096)
Accounts and other payables	(282,986)	1,006,611
	(1,145,681)	(333,735)
Cash Flows provided by (used in) Financing Activities		
Proceeds from issuance of common shares	491,556	-
Proceeds from exercise of warrants	-	65,910
Proceeds from convertible note, net of transaction costs	-	310,000
Proceeds from subscriptions received in advance	232,964	-
Advances from short-term loans, net of repayments	394,140	3,037
Repayment of short-term loans	-	(8,037)
	1,118,660	370,910
Effect of foreign exchange on cash	8,202	(9,682)
Change in cash during the period	(18,819)	27,493
Cash – beginning of period	40,606	136,010
Cash – end of period	$ 21,787	$ 163,503

Supplemental Information (see note 16)

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

CARL DATA SOLUTIONS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(Expressed in Canadian dollars, except share amounts)

	Share Capital								
	Shares	**Amount**	**Reserves**	**Equity conversion feature on convertible note**	**Subscriptions received in advance**	**Commitment to issue shares**	**Accumulated other comprehensive gain (loss)**	**Deficit**	**Total**
Balance – June 30, 2016	30,537,811	4,674,982	$ 249,727	$ 7,687	$ -	$ -	$ (2,352)	$ (4,364,325)	$ 565,719
Net comprehensive loss for the period	-	-	-	-	-	-	18,524	(1,082,186)	(1,063,662)
Shares issued for:									
Exercise of warrants (note 12)	406,600	77,670	(11,760)	-	-	-	-	-	65,910
Debt (note 12)	2,449,664	1,131,326	(77,519)	-	-	-	-	-	1,053,807
Share-based payments (note 14)	-	-	57,525	-	-	-	-	-	57,525
Convertible feature on convertible note	-	-	-	79,383	-	-	-	-	79,383
Balance – September 30, 2016	33,394,075	$ 5,883,978	$ 217,973	$ 87,070	$ -	$ -	$ 16,172	$(5,446,511)	$ 758,682
Net comprehensive loss for the period	-	-	-	-	-	-	235	(3,534,578)	(3,534,343)
Shares issued for:									
Cash (note 12)	2,500,000	900,000	-	-	-	-	-	-	900,000
Share issuance costs, shares (note 12)	200,000	72,000	-	-	-	-	-	-	72,000
Share issuance costs, shares (note 12)	-	(72,000)	-	-	-	-	-	-	(72,000)
Exercise of warrants (note 12)	16,000	5,600	-	-	-	-	-	-	5,600
Exercise of options (note 12)	998,636	172,979	(63,129)	-	-	-	-	-	109,850
Fees (note 12)	425,000	164,000	-	-	-	-	-	-	164,000
Conversion of convertible note (note 12)	1,191,176	537,485	-	(6,226)	-	-	-	-	531,259
Debt settlement (note 12)	727,611	273,495	77,519	-	-	-	-	-	351,014
Share issuance costs – warrants (note 12)	-	(26,609)	26,609	-	-	-	-	-	-
Share-based payments (note 14)	-	-	177,249	-	-	-	-	-	177,249
Convertible feature on convertible note (note 11)	-	-	-	(2,548)	-	-	-	-	(2,548)
Commitment to issue shares (note 6)	-	-	-	-	-	317,333	-	-	317,333
Balance – June 30, 2017	39,452,498	$ 7,910,928	$ 436,221	$ 78,296	$ -	$ 317,333	$ 16,407	$(8,981,089)	$ (221,904)
Net comprehensive loss for the period	-	-	-	-	-	-	(14,393)	(1,272,664)	(1,287,057)
Shares issued for:									
Cash (note 12)	2,055,000	534,300	-	-	-	-	-	-	534,300
Settlement of dissenter contingency (note.12)	888,888	275,555	-	-	-	(302,222)	-	-	(26,667)
Debt settlement (note 12)	3,731,030	1,100,654	-	-	-	-	-	-	1,100,654
Share issuance costs – cash (note 12)	-	(68,344)	-	-	-	-	-	-	(68,344)
Share issuance costs – warrants (note 12)	-	(21,169)	21,169	-	-	-	-	-	-
Share-based payments (note 14)	-	-	46,052	-	-	-	-	-	46,052
Subscriptions received in advance	-	-	-	-	232,964	-	-	-	232,964
	46,127,416	$ 9,731,924	$ 503,442	$ 78,296	$ 232,964	$ 15,111	$ 2,014	$(10,253,753)	$ 309,998

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

1. Description of Business and Nature of Operations

CARL Data Solutions Inc. ("**CARL**") was incorporated under the Business Corporations Act (British Columbia) on January 17, 2014 as Carl Capital Corp. CARL together with its wholly owned subsidiaries, Extend to Social Media Inc. ("**ETS**") and FlowWorks Inc. ("**FlowWorks**"), "**CARL**" or the "**Company**". CARL is a developer of Big-Data-as-a-Service ("**BDaaS**")-based solutions, providing next generation data collection, storage and analytic solutions for data-centric companies.

CARL is a public company that is listed on the Canadian Securities Exchange ("**CSE**") (under the symbol: CRL), the Frankfurt Stock Exchange (under the symbol: 7C5) and the OTC Pink (under the symbol: CDTAF). The head office and principal address of the Company is located at Suite 488 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

ETS was incorporated in the province of British Columbia on January 30, 2013, and its principal business is the collection of marketing data in the social network marketing industry. ETS is developing a software technology that enables companies to reward existing customers for promoting or referring products and services to their social and business networks. CARL acquired all of the outstanding share capital of ETS on May 30, 2014.

FlowWorks, incorporated in Washington State, USA on May 5, 2010, is a company that specializes in providing clients with a suite of web-based water management software applications to analyze data through a variety of collection, analysis, and reporting tools. CARL acquired all of the outstanding share capital of FlowWorks on October 15, 2015 (note 6).

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in these consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2017, the Company had not achieved profitable operations, had accumulated a deficit of $10,253,753 since inception and expects to incur further operating losses in the development of its business The Company's ability to continue as a going concern is dependent upon the ability to develop its business units, develop marketable software, its ability to obtain the necessary financing to carry out this strategy, and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These matters indicate material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2017.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company.

3. Significant Accounting Policies

Basis of Consolidation

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

(figures in tables are expressed in Canadian dollars, except per share amounts)

3. Significant Accounting Policies (cont'd…)

Revenue recognition

The Company earns revenue in its subsidiary FlowWorks, through performance of services and subscription software.

Services revenue is recognized when the amount of revenue can be reliably measured, the stage of completion of the work involved in supplying the services can be reliably measured, it is probable that economic benefits associated with the transaction will flow to the Company, and the costs incurred and to be incurred can be reliably measured.

Subscription software revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

The Company earns revenue in its subsidiary, ETS through the supply of social referral software to clients and through data services to clients. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

FlowWorks Customer list	5 years
FlowWorks Software application	3 years

The amortization method, estimated useful lives and residual values are reviewed annually, or more frequently if required, and are adjusted as appropriate.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortization but is tested for impairment.

4. Accounting Standards and Amendments Issued but Not Yet Adopted

IFRS 9 Financial Instruments (revised)

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual years beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. IFRS 15 is effective for annual years beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

4. Accounting Standards and Amendments Issued but Not Yet Adopted (cont'd…)

IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 Leases, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

5. Significant Accounting Judgments and Estimates

Critical accounting judgments

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of the parent company and its subsidiary, ETS, is the Canadian dollar. The functional currency of FlowWorks is the US dollar.

The application of the Company's accounting policy for software development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

The Company has exercised judgment in quantifying the allowance for doubtful accounts receivable. While it is possible that certain accounts receivable considered good may turn doubtful at a later date, there are no indicators that they would at the present time.

Critical accounting estimates

The Company has made estimates with respect to the acquisition date fair values of the identifiable assets and liabilities of FlowWorks, Inc. The valuation of intangible assets requires management to use valuation techniques. The Company uses its judgement to select methods and makes assumptions that reflect market conditions as at the acquisition date (note 6).

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

6. Acquisition of FlowWorks

On October 13, 2015, the Company completed the acquisition of FlowWorks pursuant to the terms of a share exchange agreement between CARL, FlowWorks and the majority shareholders of FlowWorks. CARL acquired 100% of the outstanding common shares of FlowWorks in exchange for 7,629,397 common shares of the Company issued to two shareholders of FlowWorks.

One shareholder of FlowWorks, holding approximately 11% of FlowWorks, dissented to the transaction. The Company agreed to assume any obligation in connection with payment of fair value for such dissenting shares and all expenses in connection with the dissenter's rights. During the year ended June 30, 2017, the Company agreed to settle with the dissenter in exchange for paying US$111,000 and issuing 933,332 common shares. During the period ended September 30, 2017, US$111,000 was paid and 888,888 common shares were issued in accordance with the settlement agreement.

This acquisition is consistent with the Company's corporate growth strategy to build and acquire applications that assist in the collection, storage and analysis of large volumes of information for data centric companies. FlowWorks has a committed, pre-existing customer base. The Company plans to expand upon FlowWorks' proven marketing strategy to attract new customers by implementing innovative marketing automation technologies, which include the use of the Company's Extend-to-Social Referral Marketing Application.

(figures in tables are expressed in Canadian dollars, except per share amounts)

6. Acquisition of FlowWorks (cont'd…)

Purchase price consideration		
Value of 7,629,397 common shares issued at $0.32	$	2,441,407
Assets acquired and liabilities assumed		
Cash	$	124,055
Accounts receivable		215,743
Prepaid expenses		23,978
Software application		387,634
Customer list		659,154
Accounts payable		(515,132)
Dissenter liability		(310,593)
Deferred income tax liabilities		(149,000)
Goodwill on acquisition		2,005,568
	$	2,441,407

Accounts receivable acquired with FlowWorks are trade receivables under the normal course of business and are recorded at fair value at the date of acquisition. The fair value of the accounts receivable at acquisition equals its carrying value at that date.

The software application is a web-based application which enables clients to analyze environmental data for water management purposes. Income tax consequences of the transaction included a deferred income tax liability of $149,000, which together with the fair values of other assets and liabilities acquired resulted in the recognition, on the date of acquisition, of $2,005,568 in goodwill that is not deductible for tax purposes. The composition of goodwill includes assets that are not separately identifiable including the value of employees working with FlowWorks, and the potential to apply the principles of the web-based application to new industries and industry segments. The software application is amortized over a 3-year term (note 8). During the Company's annual impairment review in 2016, the Company decreased future expectations with respect to revenue which resulted in a negative net present value and, accordingly, wrote off the goodwill arising on acquisition of $2,005,568 to profit or loss.

The customer list acquired with FlowWorks is estimated relative to contracted customer subscriptions and recurring customer revenues projected over a period of five years at a 30% discount rate. The customer list is amortized over a 5-year term (note 8).

FlowWorks' total revenues, total expenses and net loss of $715,011, $1,023,111 and $308,100, respectively, since the acquisition date, have been included in profit or loss for the year ended June 30, 2016. Had the acquisition occurred on July 1, 2015 revenues, total expenses and net loss of $980,155, $1,297,183 and $317,028, respectively, would have been included in profit or loss for the year ended June 30, 2016.

7. Accounts and Other Receivables

		September 30, 2017	June 30, 2017
Accounts receivable	$	309,246	$ 210,174
Goods and services tax ("GST") receivable		29,291	6,690
	$	338,537	$ 216,864

(figures in tables are expressed in Canadian dollars, except per share amounts)

8. Intangible assets

Software in Development

A total of $83,428 has been expended on third party software programmers in the development of the customer referral software that ETS has created. The remaining $204,172 is a fair market valuation adjustment upon the purchase of ETS by CARL. The following table shows the composition of the value of the software in development:

	ETS Software in Development	Fair Value on adjustment of acquisition of ETS	Total
Balance – June 30, 2016	$ 83,428	$ 204,172	$ 287,600
Expenditure on software development	-	-	-
Balance – June 30, 2017	$ 83,428	204,172	$ 287,600
Expenditure on software development	-	-	-
Balance – September 30, 2017	$ 83,428	$ 204,172	$ 287,600

Software Application

The software application relates to the web-based application acquired with FlowWorks. The application is in use and is being amortized over a period of three years.

	Fair Value	Amortization	Cumulative Translation Adjustment	Total
Balance – June 30, 2016	387,634	(91,641)	(1,934)	294,059
Amortization	-	(132,427)	-	(132,427)
Foreign currency translation	-	-	12,407	12,407
Balance – June 30, 2017	$ 387,634	$ (224,068)	$ 10,473	$ 174,039
Amortization	-	(31,296)	-	(31,296)
Foreign currency translation	-	-	(7,388)	(7,388)
Balance – September 30, 2017	$ 387,634	(255,364)	3,085	$135,355

Customer List

The customer list relates to the customers acquired with FlowWorks. The asset is a finite life asset and is being amortized straight-line over a period of five years.

	Fair Value	Amortization	Cumulative Translation Adjustment	Total
Balance – June 30, 2016	659,154	(93,383)	(1,955)	563,816
Amortization	-	(135,112)	-	(135,112)
Foreign currency translation	-	-	10,494	10,494
Balance – June 30, 2017	$ 659,154	$ (228,495)	$ 8,539	$ 439,198
Amortization	-	(31,931)	-	(31,931)
Foreign currency translation	-	-	(18,972)	(18,972)
Balance – September 30, 2017	$ 659,154	$ (260,426)	$ (10,433)	$ 388,295

(figures in tables are expressed in Canadian dollars, except per share amounts)

9. Accounts Payable and Accrued Liabilities

	September 30, 2017	June 30, 2017
Trade accounts payable	$ 395,725	$ 440,337
Due to related parties (note 18)	122,918	183,588
Accrued liabilities	19,900	40,500
Dissenter liability payable (note 6)	-	144,559
	$ 538,543	$ 808,984

10. Loans Payable

	September 30, 2017	June 30, 2017
Balance – beginning of period	$ 448,907	$ 515,104
Advances of short-term loans	394,140	377,900
Interest accrued	20,268	748
Settlements – cash	-	(71,100)
Settlements – shares	(679,047)	(373,745)
Balance – end of period	$ 184,268	$ 448,907

During the period, the Company was advanced a $391,140 in short term loans from unrelated parties. The loans were unsecured, non-interest bearing, and repayable upon demand. $100,000 of this balance remains payable at September 30, 2017. During the period, the Company issued 2,611,714 common shares at a deemed price of $0.26 to settle short term debt in the aggregate of $679,047.

During the year ended June 30, 2016, the Company entered into the following short term loan agreements:

(a) A director of the Company loaned the Company $60,000, unsecured, with a maturity date of May 31, 2016, an interest rate of 15% and a number of shares equal to 15% of the face value of the loan converted at $0.30 per share. The loan was settled, including accrued interest, for private placement units in the year ended June 30, 2016 (note 12).

(b) An unrelated party loaned the Company $60,000 and a related party loaned the Company $23,000 for an aggregate of $83,000, unsecured, with a maturity date of May 31, 2016, an interest rate of 15% and a number of shares equal to 15% of the face value of the loan converted at $0.30 per share. Of the loan, $23,000 and accrued interest were settled with private placement units in the year ended June 30, 2016. The Company accrued additional interest of $20,268 during the period ended September 30, 2017. The balance of the loan of $80,268 remains outstanding as at September 30, 2017.

(c) An unrelated party loaned the Company $100,000 and a related party loaned the Company $300,000 for an aggregate of $400,000, unsecured, with a maturity date of February 22, 2016 for $100,000 and May 31, 2016 for $300,000, and a flat fee, on repayment of the loan, of 30% of the principal of the loan, payable in cash or shares converted at $0.30 per share at the option of the Company. The Company settled principal and accrued interest of $248,191 with private placement units in the year ended June 30, 2016 (note 12). The balance of the loan was settled with share issuance during the period ended September 30, 2017.

11. Convertible Note

During the year ended June 30, 2016, the Company completed a senior secured collaterized convertible note (“Note”) financing of up to $2,000,000 to be received in tranches. All tranches of the Note bear interest of 10% (12% if in default) per annum, calculated and payable monthly, in advance. All tranches mature within two years of the initial issuance.

On June 30, 2016, the Company issued an initial tranche of $500,000 incurring total transaction costs of $432,075. The principal, at the option of the holder, will be convertible into common shares of the Company at a conversion price of $0.45 per common share, subject to adjustment as per the agreement.

(figures in tables are expressed in Canadian dollars, except per share amounts)

11. Convertible Note (cont'd…)

If at any time following four months after the issue date of any Note, the closing price of the Company is $0.75 per share for 30 consecutive trading days with a daily weighted-average trading volume of more than 400,000 shares, the Company may force the conversion of one-half of the aggregate principal.

From and after the one-year anniversary of any Note, the Company, at its option, may prepay, without notice or penalty, the principal amount of all the outstanding Notes in full or in part together with any accrued and unpaid interest.

Each tranche of the Note contains both an equity component, being the holder's conversion right, and a liability component, each of which are presented separately on the consolidated statement of financial position. The Company allocated the transaction costs to the debt and equity components based on the relative fair values of the Note and the equity conversion option. Interest and transaction costs are recognized by accreting the liability component to its face value over the term of the Note.

The Company paid a non-refundable commitment fee, included in total transaction costs, of $50,000 and 375,000 shares. Total commitment fees of $237,500, applicable to the full facility, were initially incurred and deferred. These fees are recognized as part of the initial carrying values of each tranche of debt issued based on the relative percentage of each tranche face value to the total facility value of $2,000,000. At June 30, 2017 $131,813 (2016 – $178,125) is recorded in prepaid expenses. The Company shall issue 800,000 bonus shares on the closing date and on the date of conversion. 400,000 of these bonus shares were issued on the closing date and included in total transaction costs.

In the event the Company does not issue Notes in accordance with the terms of the agreement, the Company is subject to a break fee of $100,000. At any time after issuance, the holder has the right to convert the principal amount of the Note at the above conversion price.

During the year ended June 30, 2017, the Company entered into an amendment allowing the conversion at the price of $0.34 per share and of the initial $500,000 tranche, $405,000 was converted through the issuance of 1,191,176 common shares. The Company recognized $458,012 to the statement of loss and comprehensive loss as a result of the conversion. In connection with the conversion, the Company was required to issue 400,000 common shares to the holder with a fair value of $156,000 to settle amounts payable of $136,000. The 400,000 common shares issued represent the balance of the bonus shares not issued during fiscal 2016.

During the year ended June 30, 2017 total finance expenses of $759,349 were charged to profit or loss (2016 - $109,456). The finance fees are comprised of bonus shares $136,000; administration fees $88,750; finance fees $31,742 and guarantee fees of $502,857. The fees for 2016 comprise primarily of due diligence fees.

During the year ended June 30, 2017, the Company initiated issuances of the Company's convertible notes and received $390,000 in proceeds, of which $87,189 was recognized to equity upon receipt. During fiscal 2017 issuances of Notes with face values and issuance dates were completed as follows: September 1, 2016 - $160,000; September 30, 2016 - $150,000 and April 30, 2017 - $80,000.

During the period ended September 30, 2017, all future royalties, valued at $291,022, were settled by issuance of 1,119,316 common shares (note 12).

	September 30, 2017	June 30, 2017
Balance, beginning of period	$ 387,734	$ 60,238
Issuance of convertible notes – face value	-	390,000
Transaction costs	-	(46,313)
Convertible note, equity component	-	(76,835)
Accretion of convertible note	14,732	133,891
Conversion of convertible note	-	(73,247)
Balance, end of period	402,466	387,734
Current portion	(402,466)	(29,735)
Long-term portion	$ -	$ 357,999
Convertible note, equity component, end of period	$ 78,296	$ 78,296
Face value of Note at maturity	$ 485,000	$ 485,000

The Note is guaranteed by the Company's two subsidiaries, ETS and FlowWorks as well as partially guaranteed by the CEO ($130,000) and the former CFO ($60,000) of the Company, and an unrelated party ($300,000).

12. Share Capital

(a) Authorized Share Capital

As at September 30, 2017, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

(b) Issued Share Capital

During the period ended September 30, 2017, the Company issued common shares as follows:

(i) On July 4, 2017, the Company issued 888,888 common shares in settlement of the dissenting shareholder liability (note 6) at a deemed price of $0.31 per common share. Included in the statement of comprehensive loss is a gain of $26,667 related to the difference between market value of the shares on settlement and the value accrued at June 30, 2017.

(ii) On September 5, the Company completed the first tranche of a non-brokered private placement by issuing 2,055,000 common share units (each, a “Unit”) at a price of $0.26 per unit for gross proceeds of $534,300. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of $0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than $0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of $42,744 and issued 164,400 non-transferrable unit finder’s warrants, valued at $21,169. Each finder’s warrant entitles the holder to purchase one finder’s unit at a price of $0.33 per finder’s unit for a two-year period from the closing date. Each finder’s unit contains one common share and one common share purchase warrant, exercisable at $0.40 for a period of two years from the closing date. The Company incurred additional share issuance costs of $25,600 in connection with the closing.

(iii) On September 5, 2017, the Company issued 2,611,714 Units in settlement of loans from unrelated parties (note 10) at a deemed price of $0.26 per common share. Included in the statement of comprehensive loss is a loss of $91,409 related to the difference between market value of the shares on settlement and the value of the debt settled.

(iv) On September 5, 2017, the Company issued 1,119,316 Units to settle future royalty payments on its convertible note (Note 11) of $291,022. Included in the statement of comprehensive loss is a loss of $39,176 related to the difference between market value of the shares on settlement and the value of the debt settled.

During the year ended June 30, 2017, the Company issued common shares as follows:

(i) On May 2, 2017, the Company issued 16,000 common shares through the exercise of warrants for gross proceeds of $5,600.

(ii) On March 17, 2017, the Company issued 998,636 common shares through the exercise of stock options for gross proceeds of $109,850.

(iii) On October 24, 2016 and November 23, 2016, the Company issued a total of 727,611 common shares at a price of $0.34 to settle debts of $247,388. The Company recorded a loss on settlement of debts of $53,786 based on the difference between the fair value of the shares on the settlement date and the value of the debts settled.

(iv) On November 23, 2016, the Company issued 1,191,176 common shares for the conversion of $405,000 in convertible debentures and a further 400,000 common shares as bonuses related to the conversion. The Company recorded the fair value of the bonus shares based on the issuance date fair value of $156,000.

(figures in tables are expressed in Canadian dollars, except per share amounts)

12. Share Capital (cont'd…)

(b) Issued Share Capital (cont'd…)

(i) On October 24, 2016, the Company completed a non-brokered private placement whereby the Company issued 2,500,000 units at a price of $0.36 per unit for gross proceeds of $900,000. Each unit comprised of one common share and one-half of one transferable share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of $0.60 for two years. No amount was allocated to the warrants portion of the units, on a residual value basis, as the share price on issuance was in excess of the unit price. In connection with the offering, the Company issued 200,000 finder's shares and 200,000 finder's warrants under the same terms as above. The Company recognized non-cash issue costs of $72,000 for the shares and $26,609 for the warrants, with a corresponding increase in reserves. This expense was calculated using the Black-Scholes option valuation model with the following assumptions: Risk-free rate, 0.48%; Dividend yield, 0%; Expected volatility, 70%; and Expected life, 2 years.

(ii) On October 12, 2016, the Company issued 25,000 bonus common shares, with a fair value of $8,000, to a consultant for recruitment services.

(iii) On September 28, 2016, the Company issued 750,000 common shares at a price of $0.40 per share to settle $300,000 of accounts payable owed to an arm's length party. The Company recorded a loss on settlement of debt of $22,500 based on the difference between the fair value of the shares on the settlement date and the value of the debt settled.

(iv) On September 16, 2016, the Company issued 750,000 common shares at a price of $0.40 per share to settle $300,000 of accounts payable owed to a non-arm's length party. The Company recorded a loss on settlement debt of $15,000 based on the difference between the fair value of the shares on the settlement date and the value of the debt settled.

(v) On August 23 and September 26, 2016, the Company issued a total of 406,600 common shares through the exercise of share purchase warrants for gross proceeds of $65,910.

(vi) . On July 20, 2016, the Company issued 949,664 common shares including 881,887 common shares at a price of $0.48 per share and 67,777 common shares at a price of $0.45 per share to settle $453,806 of debt owed and amounts payable to various arm's length and non-arm's length parties. The Company recorded a loss on settlement of debt of $40,019 based on the difference between the fair values of the shares on the settlement date and the value of the debt settled.

13. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted average exercise price	**Number of shares issued or issuable on exercise**
Balance - June 30, 2016	$0.34	1,533,987
Issuance of warrants	$0.60	1,450,000
Expired	$0.35	(514,720)
Exercised	$0.17	(422,600)
Balance - June 30, 2017	$0.56	2,046,667
Issuance of warrants	$0.40	5,950,430
Balance – September 30, 2017	$0.44	7,997,097

(figures in tables are expressed in Canadian dollars, except per share amounts)

13. Warrants (cont'd…)

The expiry of agents' and share purchase warrants are as follows:

	Exercise price	Number of warrants	Expiry date
Finder's warrants	$0.60	200,000	October 23, 2018
Share purchase warrants	$0.45	42,000	December 29, 2017
Share purchase warrants	$0.45	554,667	January 21, 2018
Share purchase warrants	$0.60	1,250,000	October 23, 2018
Share purchase warrants	$0.40	5,786,030	September 5, 2019
Finder's warrants	$0.33	164,400	September 5, 2019
		7,997,097	

14. Share-Based Payments

On January 22, 2015, the Company adopted an incentive stock option plan. Under the terms of this plan, the total number of share purchase options to be granted and outstanding may not exceed 10% of the total issued and outstanding common shares of the Company at the date of grant. Options may be granted with an exercise price equal to the market price of the common shares less any permitted discount on the grant date, vest according to privileges set at the time the options, have a minimum price of $0.10 and are granted and expire no later than five years from the date of grant.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
	$ 0.23	2,763,600
Balance – June 30, 2016		
Cancelled	$ 0.40	(220,000)
Granted	$ 0.25	615,247
Balance – June 30, 2017 and September 30, 2017	$ 0.34	3,065,150

Incentive share options outstanding and exercisable September 30, 2017 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$0.11	636,364*	2.31 years	$0.11	636,364*	$0.11
$0.40	1,128,600	3.31 years	$0.40	674,300	$0.40
$0.45	615,247	3.90 years	$0.45	381,247	$0.45
$0.36	684,939	4.47 years	$0.36	114,157	$0.36
	3,065,150		$0.34	1,806,068	$0.31

*Subsequent to the period ended September 30, 2017, 272,727 of these options were exercised for proceeds of $30,000

The weighted average fair value of options granted during the period was $nil per option (2016 - $0.25). Total share-based payments recognized in the statement of shareholders' equity for the period ended September 30, 2017 was $46,052 (2016 - $57,525) for incentive options granted and vested and was recognized in the statement of loss and comprehensive loss. All outstanding options have a vesting period of up to three years.

(figures in tables are expressed in Canadian dollars, except per share amounts)

14. Share-Based Payments **(cont'd…)**

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2017	2016
Risk-free interest rate	0.91%	0.61%
Expected life of option	5 years	5 years
Expected annualized volatility	70%	70%
Expected dividend rate	Nil	Nil

15. Management of Capital

The capital managed by the Company includes the components of shareholders' equity (deficiency) as described in the consolidated statements of shareholders' equity (deficiency). The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of funds for growth and development of its projects, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of financing reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company's overall strategy with respect to management of capital at September 30, 2017 remains fundamentally unchanged from the year ended June 30, 2017.

16. Supplemental Cash Flow Information

During the period ended September 30, 2017, the Company:

a) issued 888,888 common shares at a price of $0.31 for a total value of $275,555, to settle a portion of its previously accrued commitment to issue shares;
b) issued 2,611,714 common share units at a price of $0.295 for a total value if $770,456, to settle loans payable valued at $679,047;
c) issued 1,119,316 common share units at a price of $0.295 for a total value of $330,198, to settle future royalties on its convertible note valued at $291,022;
d) granted finder's warrants valued at $21,169
e) recognized share issuance costs of $25,600 included in accounts payable at period end.

During the period ended September 30, 2016, the Company issued 2,449,664 common shares at a weighted average price of $0.43 to settle debt of $1,053,807 for short term loans, accrued interest, and accounts payables.

17. Segmented Information

The Company operates in one reportable segment, being data services, which information is regularly reviewed by the Company's President and CEO, being the chief decision making officer. Revenue is earned in two main regions, being Canada and United States. The following is a breakdown of revenue by geographic areas based on each customers' location:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Revenue		
Canada	$ 109,595	$ 129,401
United States	252,934	156,628
	$ 362,529	$ 286,029

(figures in tables are expressed in Canadian dollars, except per share amounts)

18. Related Party Transactions

The Company has entered into an executive consulting agreement with a company controlled by the President, CEO and director of the Company. Under the terms of the agreement, the Company will pay the company a total of $10,833 per month.

During the period ended September 30, 2017, the Company paid or accrued, to key management personnel and their related companies, total compensation of $107,850 (2016 - $587,887) in consulting and bookkeeping fees and expensed $10,904 (2016 - $13,767) in share-based payments to key management personnel and their related companies. Key management personnel includes a company controlled by the CEO of the Company, companies controlled by a directors of the Company, and a company related to CFO of the Company.

The Company did not issue any common shares to related parties during the period ended September 30, 2018. During the comparative period ended September 30, 2016, the Company 1,554,671 common shares to related parties to settle debts of $684,209;

Included in accounts payable and accrued liabilities is $122,918 (June 30, 2017 - $164,901) due to officers, directors, and a former officer of the Company.

On June 9, 2014, ETS signed a referral services agreement with RA Revenue Automation Inc. ("RA") whereby RA agreed to use ETS as its exclusive referral marketing application and include the concept in all relevant business development pitches to customers. A company controlled by the Company's CEO owns 10% of RA. Revenue of $24,150 (2016 - $nil) recorded on the statement of comprehensive loss is from RA. As at September 30, 2017, $25,358 (June 30, 2017 - $8,453) was owed from RA.

Kerr Wood Leidal Associates Ltd. ("KWL")

KWL, a consulting engineering company, founded and created FlowWorks and is a significant shareholder of the Company. During the period ended September 30, 2017, the Company earned sales revenue from KWL of $33,850 (2016 - 24,950) and incurred expenses from KWL of $1,976 (2016 - 27,985). Included in accounts receivable as at September 30, 2017 is a balance owing from KWL of $5,450. The Company owed accounts payable of $nil to KWL as at September 30, 2017.

During the year ended June 30, 2017, the Company paid $nil (2016 - $433,552) to KWL, on behalf of FlowWorks, to pay down balances owing.

19. Commitments

In connection with the convertible note (note 11), a break fee of $100,000 will be payable to the note holder if, for any reason, the Company decides not to proceed with the financing.

The Company has entered into an operating lease contract for office space. The future minimum payments under the lease as at September 30, 2017 are as follows:

2018	$	62,417
2019		83,553
2020		87,579
2021		91,269
2022		83,664
	$	408,482

20. Subsequent Events

The following subsequent events occurred from the date of the period ended September 30, 2017 to the date the condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on [DATE]:

(a) The Company completed the second and final tranche of a non-brokered private placement by issuing 1,618,824 common share units (each, a "Unit") at a price of $0.26 per unit for gross proceeds of $420,894. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of $0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than $0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of $11,846 and issued 45,560 non-transferrable unit finder's warrants. Each finder's warrant entitles the holder to purchase one finder's unit at a price of $0.33 per finder's unit for a two-year period from the closing date. Each finder's unit contains one common share and one common share purchase warrant, exercisable at $0.40 for a period of two years from the closing date.

(b) The Company settled debts with three related party debtholders in the aggregate amount of $79,500 by issuing 305,768 Units at a price of $0.26 per Units.

(c) The Company completed a non-brokered private placement by issuing 6,486,921 common share units (each, a "Unit") at a price of $0.26 per unit for gross proceeds of $1,686,599. Each Unit was comprised of one common share and one common share purchase warrant, each warrant being exercisable at a price of $0.40 per share for a period of two years from issuance and are subject to accelerated expiration in the event that shares trade at a price greater than $0.75 per share for ten consecutive trading days.

In connection with the offering, the Company paid a cash commission of $208 and issued 1,000 non-transferrable unit finder's warrants exercisable at $0.40 for a period of two years.