CARL DATA SOLUTIONS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2017

(UNAUDITED)

CONTENTS

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. (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	**DECEMBER 31, 2017**	**JUNE 30, 2017**
ASSETS		
Current Assets		
Cash	$ 69,122	$ 40,606
Accounts and other receivables (note 7)	308,197	216,864
Prepaid expenses	326,751	228,993
	704,070	486,463
Non-Current Assets		
Software in development (note 9)	287,600	287,600
Software application (notes 5 and 9)	105,085	174,039
Customer list (notes 5 and 9)	359,350	439,198
Intellectual property (notes 6 and 9)	54,444	-
Electrical systems certification (notes 6 and 9)	22,847	-
Property and equipment (note 8)	111,593	-
Goodwill (note 5)	36,421	36,421
Total Assets	$ 1,681,410	$ 1,423,721
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	$ 1,118,086	$ 808,984
Loans payable (note 12)	357,268	448,907
Convertible note (note 11)	422,693	29,735
	1,898,047	1,287,626
Convertible Note (note 10)	-	357,999
Total Liabilities	1,898,047	1,645,625
Shareholders' Deficiency (note 13)		
Share Capital	12,119,285	7,910,928
Reserves	526,929	436,221
Equity conversion feature on convertible note (note 11)	78,296	78,296
Subscriptions receivable	(520,000)	-
Commitment to issue shares (note 5)	-	317,333
Accumulated other comprehensive income	6,399	16,407
Deficit	(12,427,546)	(8,981,089)
	(216,637)	(221,904)
Total Liabilities and Shareholders' Deficiency	$ 1,681,410	$ 1,423,721

Nature of Operations and Going Concern (note 1)
Commitments (note 20)
Subsequent Events (note 21)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON FEBRUARY 27, 2018

"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)	**Three months ended December 31, 2017**	**Three months ended December 31, 2016**	**Six months ended December 31, 2017**	**Six months ended December 31, 2016**
Revenue				
Data services	$ 174,851	$ 197,311	$ 379,188	$ 410,656
Other	75,225	88,292	233,417	160,976
	250,076	285,603	612,605	571,632
Expenses				
Accretion	20,227	54,186	34,959	77,670
Amortization (notes 8 and 9)	69,137	73,894	132,364	147,583
Bad debt	-	15,985	-	13,585
Computer	68,166	10,675	134,278	25,404
Consulting	217,296	151,399	493,696	885,718
Filing and transfer agent	17,753	30,029	21,229	34,188
Foreign exchange (gain) loss	(2,123)	(8,799)	11,319	(26,113)
Interest (note 12)	15,836	68,867	51,311	84,849
Investor relations	1,573,352	203,501	1,848,351	249,888
Marketing	9,796	5,151	21,226	14,731
Occupancy	32,674	16,339	82,009	34,176
Office	47,599	49,695	81,944	95,379
Professional	68,903	82,633	135,944	125,144
Share-based payments (note 15)	35,790	94,681	81,842	152,206
Salaries and wages	193,563	329,101	445,847	590,052
Travel	50,852	17,958	81,749	43,280
	(2,418,821)	(1,195,295)	(3,658,068)	(2,547,740)
Operating Loss	(2,168,745)	(909,692)	(3,045,463)	(1,976,108)
Other expenses				
Financing costs (note 11)	-	(236,805)	(292,028)	(252,575)
Loss on conversion of convertible note	-	(264,175)	-	(264,175)
Loss on settlement of debt	(5,048)	-	(108,966)	-
Loss for the period	(2,173,793)	(1,410,672)	(3,446,457)	(2,492,858)
Other comprehensive gain (loss)				
Foreign exchange gain (loss) on translation of subsidiary	4,385	(27,256)	(10,008)	(45,780)
Comprehensive loss for the period	$ (2,169,408)	$ (1,437,928)	$ (3,456,465)	$ (2,538,638)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted	50,245,224	36,511,110	46,060,125	33,988,789
Loss Per Share				
Basic and Diluted	($0.04)	($0.04)	($0.08)	($0.07)

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)

	Six months ended December 31, 2017	**Six months ended December 31, 2016**
Cash Flows used in Operating Activities		
Loss for the period	$ (3,446,457)	$ (2,492,858)
Non-cash items		
Amortization	132,364	130,198
Accrued interest expense	20,268	748
Accretion expense	34,959	77,670
Foreign exchange loss	8,103	-
Share-based payments	81,842	152,206
Financing fees	291,021	136,000
Loss on conversion of convertible note	-	264,175
Loss on settlement of debt	108,966	-
Changes in non-cash working capital items:		
Accounts and other receivables	(98,943)	(149,161)
Prepaid expenses	(97,902)	(64,042)
Accounts and other payables	331,466	983,084
	(2,634,313)	(961,980)
	-	-
Cash Flows provided by Financing Activities		
Net proceeds from issuance of common shares	2,066,996	900,000
Proceeds from exercise of stock options	30,000	-
Proceeds from exercise of warrants	-	65,910
Proceeds from convertible note	-	422,500
Short-term loans	609,140	3,037
Repayment of short-term loans	(42,000)	(74,137)
	2,664,136	1,317,310
Effect of foreign exchange on cash	(1,307)	(27,915)
Change in cash during the period	28,516	327,415
Cash – beginning of period	40,606	136,010
Cash – end of period	$ 69,122	$ 463,425

Supplemental Information (see note 17)

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

CARL DATA SOLUTIONS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' DEFICIENCY
(UNAUDITED)

(Expressed in Canadian dollars, except share amounts)

	Share Capital								
	Shares	Amount	Reserves	Equity feature on convertible note	Subscriptions receivable	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	-	-	-	-	-	-	45,780	(2,492,858)	(2,447,078)
Shares issued for:									
Cash	2,500,000	900,000	-	-	-	-	-	-	900,0000
Share issuance costs, shares	200,000	72,000	-	-	-	-	-	-	72,000
Share issuance costs, shares	-	(72,000)	-	-	-	-	-	-	(72,000)
Exercise of warrants (note 13)	406,600	77,670	(11,760)	-	-	-	-	-	65,910
Fees	425,000	164,000	-	-	-	-	-	-	164,000
Debt (note 13)	3,177,275	1,404,821	-	-	-	-	-	-	1,404,821
Share issuance costs-warrants	-	(26,609)	26,609	-	-	-	-	-	-
Share based payments (note 15)	-	-	144,206	-	-	-	-	-	144,206
Convertible feature on convertible note	-	-	-	38,723	-	-	-	-	38,723
Conversion of convertible note	1,191,176	537,485	-	(6,226)	-	-	-	-	398,774
Balance – December 31, 2016	38,437,862	$ 7,732,349	$ 408,782	$ 40,184	$ -	$ -	$ 43,428	$(6,857,183)	$ 1,367,560
Net comprehensive loss for the period	-	-	-	-	-	-	(27,021)	(2,123,906)	(2,150,927)
Shares issued for:									
Exercise of warrants (note 13)	16,000	5,600	-	-	-	-	-	-	5,600
Exercise of options (note 13)	998,636	172,979	(63,129)	-	-	-	-	-	109,850
Commitment to issue shares	-	-	-	-	-	317,333	-	-	317,333
Share based payments	-	-	90,568	-	-	-	-	-	90,568
Convertible feature on convertible note	-	-	-	38,112	-	-	-	-	38,112
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	-	-	-	-	-	-	(10,008)	(3,446,457)	(3,456,465)
Shares issued for:									
Cash (note 13)	10,160,745	2,641,794	-	-	(520,000)	-	-	-	2,121,794
Exercise of options (note 13)	272,727	47,236	(17,236)	-	-	-	-	-	30,000
Settlement of dissenter contingency (note.13)	933,332	294,000	-	-	-	(317,333)	-	-	(23,333)
Acquisition of assets (note 6 and 13)	400,000	194,000	-	-	-	-	-	-	194,000
Debt settlement (note 13)	4,036,798	1,180,154	-	-	-	-	-	-	1,180,154
Share issuance costs – cash (note 13)	-	(122,725)	-	-	-	-	-	-	(122,725)
Share issuance costs – warrants (note 13)	-	(26,102)	26,102	-	-	-	-	-	-
Share-based payments (note 15)	-	-	81,842	-	-	-	-	-	81,842
Balance – December 31, 2017	55,256,100	$12,119,285	$ 526,929	$ 78,296	$ (520,000)	$ -	$ 6,399	$(12,427,546)	$ (216,637)

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

1. Description of Business and Nature of Operations

CARL Data Solutions Inc., together with its wholly owned subsidiaries, Extend to Social Media Inc. ("**ETS**") and FlowWorks Inc. ("**FlowWorks**"), ("**CARL**" or the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on January 17, 2014. CARL is a developer of Big-Data-as-a-Service ("**BDaaS**")-based solutions, providing the 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 5).

These condensed consolidated interim 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 condensed consolidated interim financial statements. These condensed consolidated interim 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 December 31, 2017, the Company had not achieved profitable operations, had accumulated a deficit of $12,427,546 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, potentially find, acquire and develop various other business segments with growth potential, 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

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

2. Basis of Preparation (cont'd…)

Basis of Consolidation

These consolidated financial statements include the financial statements of CARL and its controlled and wholly-owned subsidiaries ETS and FlowWorks. ETS and FlowWorks have historically maintained a fiscal year-end of December 31, and retained that year-end post acquisition. The Company may change the year-end to match the Company's year-end in the future. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

3. 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 periods 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 periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact of adopting these amendments on its financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Significant Accounting Judgments and Estimates

The preparation of these Condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

4. Significant Accounting Judgments and Estimates (cont'd…)

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below.

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 5).

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. Equity-settled transactions with non-employees are recorded at the fair value of the service provided, where this is readily determinable. In other instances they are recorded at the fair value of the equity instruments issued. 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-based award, volatility and dividend yield and making assumptions about them.

5. 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.

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

5. Acquisition of FlowWorks (cont'd…)

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 connections with the dissenter's rights. The Company agreed to settled with the dissenter in exchange for paying US $111,000 (paid) and issuing 933,332 common shares (issued).

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.

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 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 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 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. During the period ended December 31, 2017, the Company recognized amortization of $62,986. During the Company's annual impairment review, the Company decreased future expectations with respect to revenue which resulted in a negative net present value and decided to write-off the balance of goodwill being $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. In the period ended December 31, 2017, the Company recognized amortization of $64,262.

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.

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

6. Acquisition of AB Embedded Assets

On November 30, 2017, the Company completed the acquisition of substantially all of the assets of AB Embedded Systems Ltd. ("AB Embedded"), an unrelated third party. The acquired combination of hardware designs, development tools and source code provide the Company with the opportunity to provide custom control systems developed in-house, offering synergies with the Company's existing BDaaS solutions.

In exchange for AB Embedded's assets, the Company issued 400,000 common shares valued at $194,000. Concurrent with the acquisition, the Company entered into an independent contractor agreement with AB Embedded Systems Ltd., whereby AB Embedded will provide services to the Company for an indefinite term. The Company will issue an additional 400,000 common shares one year from closing, provided neither party has terminated the independent contractor agreement. The acquisition of assets constitutes a business combination and the purchase price as been allocated as follows:

Purchase price consideration		
Value of 400,000 common shares issued at $0.485	$	194,000
Assets acquired		
Property and equipment	$	114,500
International certification		23,500
Intellectual property		56,000
	$	194,000

The property and equipment acquired comprise hardware and manufacturing equipment for the development of custom devices, computer equipment, and office furniture and has been recognized at fair value on the date of acquisition. The intellectual property relates to various pieces of source code for the development of the custom control systems and will be amortized over a 3-year term. The Company also acquired AB Embedded's global production certification, which will also be amortized over a 3-year term.

7. Accounts and Other Receivables

		December 31, 2017	June 30, 2017
Accounts receivable	$	281,597	$ 210,174
Goods and services tax ("GST") receivable		26,600	6,690
	$	308,197	$ 216,864

8. Property and Equipment

	Machinery & equipment	Computer equipment	Office furniture	Total
Cost				
Balance – June 30, 2017	$ -	$ -	$ -	$ -
Additions	102,790	10,505	1,205	114,500
Balance – December 31, 2017	102,790	10,505	1,205	114,500
Accumulated Amortization				
Balance – June 30, 2017	$ -	$ -	$ -	$ -
Amortization	2,619	268	20	2,907
Balance – December 31, 2017	2,619	268	20	2,907
Balance – June 30, 2017	$ -	$ -	$ -	$ -
Balance – December 31, 2017	$ 100,171	$ 10,237	$ 1,185	$ 111,593

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

9. 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 and 2017	$ 83,428	$ 204,172	$ 287,600
Expenditure on software development	-	-	-
Balance – December 31, 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	-	(62,986)	-	(62,986)
Foreign currency translation	-	-	(5,968)	(5,968)
Balance – December 31, 2017	$ 387,634	$ (287,054)	$ 4,505	$ 105,085

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	-	(64,262)	-	(64,262)
Foreign currency translation	-	-	(15,586)	(15,586)
Balance – December 31, 2017	$ 659,154	$ (292,757)	$ (7,047)	$ 359,350

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

9. Intangible Assets (cont'd…)

Intellectual Property

The intellectual property relates to the source code transferred from AB Embedded Systems Ltd. The asset is a finite life asset and is being amortized straight-line over a period of three years.

	Fair Value	Amortization	Total
Balance – June 30, 2017	$ -	$ -	$ -
Acquired intellectual property (note 6)	56,000	-	56,000
Amortization	-	(1,556)	(1,556)
Balance – December 31, 2017	$ 56,000	$ (1,556)	$ 54,444

International Certification

The international certification relates to certification transferred from AB Embedded Systems Ltd. The asset is a finite life asset and is being amortized straight-line over a period of three years.

	Fair Value	Amortization	Total
Balance – June 30, 2017	$ -	$ -	$ -
Acquired international certification (note 6)	23,500	-	23,500
Amortization	-	(653)	(653)
Balance – December 31, 2017	$ 23,500	$ (653)	$ 22,847

10. Accounts Payable and Accrued Liabilities

	December 31, 2017	June 30, 2017
Trade accounts payable	$ 962,410	$ 440,337
Due to related parties (note 19)	110,576	183,588
Accrued liabilities	45,100	40,500
Dissenter liability payable (note 5)	-	144,559
	$ 1,118,086	$ 808,984

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.

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.

11. Convertible Note (cont'd…)

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 December 31, 2017, all future royalties, valued at $291,022, were settled by issuance of 1,119,316 common shares (note 13).

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

11. Convertible Note (cont'd…)

	December 31, 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	34,959	133,891
Conversion of convertible note	-	(73,247)
Balance, end of period	422,693	387,734
Current portion	(422,693)	(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

12. Loans Payable

	December 31, 2017	June 30, 2017
Balance – beginning of period	$ 448,907	$ 515,104
Advances of short-term loans	609,140	377,900
Interest and fees accrued	20,268	748
Repayments – cash	(42,000)	(71,100)
Settlements – shares (note 13)	(679,047)	(373,745)
Balance – end of period	$ 357,268	$ 448,907

During the period, the Company was advanced a $609,140 in short term loans from unrelated parties. The loans were unsecured, non-interest bearing, and repayable upon demand. $315,000 of this balance remains payable at December 31, 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) 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 December 31, 2017. The balance of the loan of $38,268 remains outstanding as at December 31, 2017.

(b) 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. The balance of the loan was settled with share issuance during the period ended December 31, 2017.

13. Share Capital

(a) Authorized Share Capital

As at December 31, 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 December 31, 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 5) 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 12) 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.

(v) On October 25, 2017, 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.

13. Share Capital (cont'd…)

(b) Issued Share Capital (cont'd…)

(vi) On October 25, 2017, the Company settled debts with three related party debtholders in the aggregate amount of $79,500 by issuing 305,768 Units at price of $0.26 per Unit.

(vii) On November 2, 2017, the Company issued 272,727 common shares through the exercise of stock options for gross proceeds of $30,000.

(viii) On November 27, 2017, 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.

(ix) On November 30, 2017, the Company issued 400,000 common shares on the acquisition of assets of AB Embedded Systems Ltd. (note 6) valued at $194,000.

(x) On December 12, 2017, the Company issued 44,444 common shares in settlement of the dissenting shareholder liability (note 5) at a deemed price of $0.415 per common share. Included in the statement of comprehensive loss is a loss of $3,333 related to the difference between market value of the shares on settlement and the value accrued at June 30, 2017.

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.

(v) 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.

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

13. Share Capital (cont'd…)

(b) Issued Share Capital (cont'd…)

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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.

As at December 31, 2017, a total of 2,807,550 (June 30, 2017 – 4,873,765) common shares remain in escrow.

14. 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	14,408,503
Expired	$0.45	(42,000)
Balance – December 31, 2017	$0.42	16,413,170

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

14. Warrants (cont'd…)

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

	Exercise price	Number of warrants	Expiry date
Share purchase warrants	$0.45	554,667	January 21, 2018
Finders' warrants	$0.60	200,000	October 23, 2018
Share purchase warrants	$0.60	1,250,000	October 23, 2018
Share purchase warrants	$0.40	5,786,030	September 5, 2019
Finders' warrants	$0.33	164,400	September 5, 2019
Share purchase warrants	$0.40	1,924,592	October 25, 2019
Finders' warrants	$0.33	45,560	October 25, 2019
Share purchase warrants	$0.40	6,486,921	November 27, 2019
Finders' warrants	$0.40	1,000	November 27, 2019
		16,413,170	

15. 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
Balance – June 30, 2016	$ 0.23	2,763,600
Exercised (weighted average share price of $0.33)	$ 0.11	(998,636)
Granted	$ 0.40	1,300,186
Balance – June 30, 2017	$ 0.34	3,065,150
Exercised (weighted average share price of $0.34)	$ 0.11	(272,727)
Balance – December 31, 2017	$ 0.36	2,792,423

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

15. Share-Based Payments (cont'd…)

Incentive share options outstanding and exercisable December 31, 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	363,637	2.06 years	$0.11	636,367	$0.11
$ 0.40	1,128,600	3.05 years	$0.40	674,300	$0.40
$ 0.45	615,247	3.65 years	$0.45	381,247	$0.45
$ 0.36	684,939	4.22 years	$0.36	114,157	$0.36
	2,792,423			1,806,071	$0.31

No options were granted during the period ended December 31, 2017. The weighted average fair value of options granted during period ended December 31, 2016 was $0.25. Total share-based payments recognized in the statement of shareholders' equity for the period ended December 31, 2017 was $81,843 (2016 - $152,206) for incentive vested and was recognized in the statement of loss and comprehensive loss. All outstanding options have a vesting period of up to three years.

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

16. Management of Capital

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. 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 finance 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 December 31, 2017 remains fundamentally unchanged from the year ended June 30, 2017.

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

17. Supplemental Cash Flow Information

During the period ended December 31, 2017, the Company:

a) issued 933,332 common shares at a price of $0.31 for a total value 294,000 to settle its previously accrued commitment to issues shares;
b) issued 2,611,714 common shares at a price of $0.295 for a total value of $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 finders' warrants valued at 26,102 on private placements closed during the period;
e) issued 400,000 common shares at a price of $0.495 for a total value of $194,000 to acquire assets; and
f) recognized $67,927 in share issuance costs included in accounts payable and accrued liabilities.

During the period ended December 31, 2016, the Company:

a) issued 3,177,275 common shares at a price of $0.34 to settle debt of $1,432,499 for short term loans, accrued interest, and accounts payables;
b) issued 600,000 common shares at a weighted average price of $0.35, for a total value of $208,000, as financing fees in connection with a private placement financing; and
c) issued 25,000 common shares at a price of $0.32 for services.

18. 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		Six months ended	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Revenue				
Canada	$ 98,228	$ 104,040	$ 207,823	$ 233,441
United States	151,848	181,563	404,782	338,191
	$ 250,076	$ 285,603	$ 612,605	$ 571,632

19. 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 December 31, 2017, the Company paid or accrued, to key management personnel and their related companies, total compensation of $168,000 (2016 - $650,567) in consulting fees and expensed $19,236 (2016 - $36,428) 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 directors of the Company, and a company related to the CFO of the Company.

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

19. Related Party Transactions (cont'd…)

During the period ended December 31, 2017, the Company issued 305,768 (2016 – 2,282,282) common shares to related parties to settle debt of $79,500 (2016 – $931,597).

Included in accounts payable and accrued liabilities is $110,576 (June 30, 2017 - $164,901) due to officers and directors.

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 $48,300 (2016 - $nil) was recorded on the statement of comprehensive loss from RA for the period ended December 31, 2017. As at December 31, 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 December 31, 2017, the Company earned sales revenue from KWL of $55,800 and incurred expenses from KWL of $6,290. Included in accounts receivable as at December 31, 2017 is a balance owing from KWL of $26,094. The Company owed accounts payable of $nil to KWL as at December 31, 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.

20. 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 December 31, 2017 are as follows:

2018	$	83,217
2019		85,566
2020		89,592
2021		91,269
2022		38,029
	$	387,673

21. Subsequent Events

Subsequent to December 31, 2017, the Company:

a) completed a rights offering by issuing an aggregate of 11,042,331 units (each, a "Unit") of the Company at a subscription price of $0.26 per Unit, raising aggregate proceeds of $2,871,006. Each Unit consisted of one common share and one listed transferable common share purchase warrant with each warrant being exercisable for a two-year period from the date of issuance of the Units at a price of $0.35 per Share, if exercised prior to July 5, 2018, and at a price of $0.40 per Share thereafter.

   In connection with the offering, the Company paid a corporate finance fee of $40,000, a cash commission of $287,100, other share issuance costs of $74,133 and granted 2,085,002 finder's options to acquire additional Units at a price of $0.26 for a period of two years;

b) issued 99,267 common shares at a price of $0.27 per share for a total value of $26,802 to settle debt of $30,723; and

21. Subsequent Events (cont'd…)

c) entered into a service agreement with Connected Fintech Inc. ("Connected") whereby Connected will build and maintain a cryptocurrency mining facility on behalf of the Company. In exchange for the build-out services of the facility, the Company will pay Connected as follows:

(i) pay $250,000 (paid) and issue 500,000 common shares (not issued), due at the date of signing;

(ii) issue 500,000 common shares upon the completion of development;

(iii) issue 500,000 common shares six months from completion of development; and

(iv) issue 500,000 common shares twelve months from completion of development.

The Company will pay a monthly retainer of $4,000 for maintenance services and an amount equal to 15% of net revenues generated from the Company's cryptocurrency mining activities.