

**PUSHFOR INVESTMENTS INC.**

**(Formerly JG Wealth Inc.)**

**Consolidated Financial Statements**

**September 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pushfor Investments Inc. (formerly JG Wealth Inc.)

We have audited the accompanying consolidated financial statements of Pushfor Investments Inc., which comprise the statements of financial position as at September 30, 2018 and 2017, and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pushfor Investments Inc. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
April 4, 2019

**PUSHFOR INVESTMENTS INC. (formerly JG Wealth Inc.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Canadian dollars)*

	Note	September 30, 2018	September 30, 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 149,708	\$ 469,311
GST Receivable		-	7,718
Investments	3, 10	1,600,156	3,563,188
Prepaid		-	525
		1,749,864	4,040,742
<b>Non-Current Assets</b>			
Investment	3	1,673,132	-
<b>TOTAL ASSETS</b>		<b>\$ 3,422,996</b>	<b>\$ 4,040,742</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 34,299	\$ 12,600
Due to related parties	9	72,609	121,923
Convertible debenture payable	5	511,499	-
Notes payable	7	-	176,427
		618,407	310,950
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	11	-	113,000
<b>TOTAL LIABILITIES</b>		<b>618,407</b>	<b>423,950</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	8	3,926,141	2,317,064
Reserves		59,608	39,511
Retained earnings (Deficit)		(1,181,160)	1,260,217
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,804,589</b>	<b>3,616,792</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 3,422,996</b>	<b>4,040,742</b>
<b>Nature of operations</b>	1		
<b>Subsequent events</b>	12		
<b>On behalf of the Board</b>			
		<u>"Aram Ayrapetian"</u>	<u>"Carlo Bonacci"</u>
		Director	Director

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

**PUSHFOR INVESTMENTS INC. (formerly JG Wealth Inc.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED SEPTEMBER 30,**  
*(Expressed in Canadian dollars)*

	Note	2018	2017
<b>Operating Expenses</b>			
Consulting		\$ 27,120	\$ 25,000
Marketing		10,500	-
Office and administration		16,204	6,848
Professional fees		129,536	21,903
Travel		4,537	19,290
Trust and filing fees		41,420	14,879
		<u>229,317</u>	<u>87,920</u>
<b>Other Items</b>			
Accretion and interest	5	(555,131)	-
Interest income	4	731,414	8,593
Interest and bank charges		(2,453)	-
Foreign exchange gain	4	162,268	-
Gain on forgiveness of interests	7	10,116	-
Loss on sale of note receivable	4	(1,517,013)	-
Realized loss on sale of investments	3	(29,927)	(120,098)
Other expenses		(16,102)	-
Unrealized (loss) gain on fair value of investments	3	(486,822)	414,222
Unrealized loss on investment in Pushfor Ltd.	3	(745,910)	-
Gain on settlement of convertible debt	5	74,893	-
		<u>(2,374,667)</u>	<u>302,717</u>
<b>Net income (loss) before income taxes</b>		(2,603,984)	214,797
<b>Deferred tax recovery</b>		113,000	12,000
<b>Net and comprehensive income (loss)</b>		<u>\$ (2,490,984)</u>	<u>\$ 226,797</u>
<b>Basic and diluted earnings (loss) per share</b>		\$ (0.02)	\$ 0.00
<b>Weighted Average Number of Common Shares Outstanding</b>			
Basic and diluted		105,600,950	62,868,344

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

**PUSHFOR INVESTMENTS INC. (formerly JG Wealth Inc.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(Expressed in Canadian dollars, except share number)*

	Notes	Issued Common Shares		Reserves		Retained earnings (Deficit)	Total
		Number of Shares	Amount	Equity portion of convertible debenture	Other capital reserve		
Balance at September 30, 2016		62,868,344	\$ 2,317,064	\$ -	\$ 39,511	\$ 1,033,420	\$ 3,389,995
Net income for the year		-	-	-	-	226,797	226,797
Balance at September 30, 2017		62,868,344	2,317,064	-	39,511	1,260,217	3,616,792
Issuance of common shares	8	48,261,349	2,609,077	-	-	-	2,609,077
Issuance of convertible debentures	5	-	-	364,700	-	-	364,700
Repayment of convertible debentures		-	-	(344,603)	-	49,607	(294,996)
Recovery and cancellation of common shares	4	(1,176,471)	(1,000,000)	-	-	-	(1,000,000)
Net loss for the year		-	-	-	-	(2,490,984)	(2,490,984)
Balance at September 30, 2018		109,953,222	\$ 3,926,141	\$ 20,097	\$ 39,511	\$ (1,181,160)	\$ 2,804,589

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

**PUSHFOR INVESTMENTS INC. (formerly JG Wealth Inc.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30,**  
*(Unaudited, in Canadian dollars)*

	2018	2017
<b>Operating Activities</b>		
Net income	\$ (2,490,984)	\$ 226,797
Adjustments for non-cash items		
Accretion	555,131	-
Accrued interest	-	6,272
Deferred tax recovery	(113,000)	(12,000)
Interest income	(737,841)	(8,593)
Realized loss on sale of investments	29,928	120,098
Unrealized loss (gain) on fair value of investments	1,037,203	(414,222)
Loss on sale of note receivable	1,517,013	-
Foreign exchange gain	(255,199)	-
Gain on settlement of convertible debts	(74,893)	-
Interest paid	(164,929)	-
Changes in non-cash working capital items		
Sales tax receivable	7,717	(4,971)
Accounts payable and accrued liabilities	(33,474)	(2,492)
Due to related parties	(49,314)	37,223
Prepays and deposits	525	100
<b>Net cash flow used in operating activities</b>	<b>(772,117)</b>	<b>(51,788)</b>
<b>Investing Activities</b>		
Proceeds from sale of note receivable	3,500,000	-
Proceeds from repayment of note receivable	-	862,156
Proceeds from sale of investments	1,553,980	70,420
Acquisition of investments	(583,311)	(481,764)
Issuance of note receivable	(5,030,400)	-
<b>Net cash flow provided by (used in) investing activities</b>	<b>(559,731)</b>	<b>450,812</b>
<b>Financing Activities</b>		
Proceeds from issuance of convertible debenture	2,340,000	-
Proceeds from issuance of note payable	-	45,000
Repayment of convertible debentures	(3,766,832)	-
Repayment of note payable	(170,000)	-
Proceeds from issuance of common shares	2,609,077	-
<b>Net cash flow provided by financing activities</b>	<b>1,012,245</b>	<b>45,000</b>
Change in cash during the year	(319,603)	444,024
Cash, beginning of year	469,311	25,287
Cash, end of year	\$ 149,708	\$ 469,311
<b>Supplementary information:</b>		
Cash paid for interests	\$ 164,929	\$ 2,580

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

## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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#### **1. NATURE OF OPERATIONS**

Pushfor Investments Inc. (formerly JG Wealth Inc.) (the “Company”) was incorporated on November 29, 2007 under the British Corporations Act of the Province of British Columbia and its principal business activity is investing in both public and private companies in the technology, opportunistic natural resource and various other sectors. On October 10, 2018, the Company changed its name from JG Wealth Inc. to Pushfor Investments Inc.

The Company is listed on the Canadian Securities Exchange (the “CSE”) and trades under the symbol “PUSH”. The head office, principal address and records office of the Company are located at 4770 – 72<sup>nd</sup> Street, Delta, BC, V4K 3N3.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on April 3, 2019.

##### **Basis of Preparation**

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at their fair value as explained in the accounting policies below. The financial statements are presented in Canadian dollars unless otherwise noted.

## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Basis of Consolidation**

These consolidated financial statements included in the accounts of the Company and its wholly owned subsidiary, 114611 B.C. Ltd. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

### **Significant Estimates and Assumptions**

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the carrying values of the investments and measurement of deferred tax liability.

### **Significant Judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are evaluating whether the Company has significant influence over Pushfor Ltd. (Note 3), the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.



## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Earnings (loss) per Share**

Basic earnings (loss) per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

### **Financial Instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss (“FVTPL”) – Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company designated its investments in equity securities of public companies as fair value through profit or loss financial assets.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash as loans and receivables.

**PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments (Continued)**

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company classifies its investment in Pushfor Ltd. as available-for-sale (Note 3).

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset. The Company has classified its accounts payable, convertible debentures payable and notes payable as non-derivative financial liabilities.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably measured.

## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Functional Currency and Foreign Currency Translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

#### Transactions and Balances

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

### **Income Taxes**

#### Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income and equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (continued)**

Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is provable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Fair Value of Warrants**

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of \$nil is assigned to the warrants.

**Accounting Standards Issued but not yet in Effect**

*IFRS 9, Financial Instruments*

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The adoption of this standard on October 1, 2018 did not have a significant impact on the Company's consolidated financial statements.

## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Accounting Standards Issued but not yet in Effect (Continued)**

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: i. Identify the contract with the customer ii. Identify the performance obligations in the contract iii. Determine the transaction price iv. Allocate the transaction price to the performance obligations in the contracts v. Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The adoption of this standard on October 1, 2018 did not have a significant impact on the Company's consolidated financial statements.

#### *IFRS 16 – Leases*

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 is effective for years beginning after January 1, 2019. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's consolidated financial statements.

## **3. INVESTMENTS**

As at September 30, 2018, the Company's investments mainly comprised of common shares and share purchase warrants of public and private companies which are measured at fair value. The fair values of the shares and warrants are as follows:

	September 30, 2018	September 30, 2017
Common Shares - Public Companies	\$ 1,380,189	\$ 2,955,572
Common Shares - Private Company	1,673,132	-
Warrants - Public Companies	219,967	607,616
	<u>\$ 3,273,288</u>	<u>\$ 3,563,188</u>

**PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)***3. INVESTMENTS (Continued)**

The cost and fair values of the investments at September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
<u>Shares - Public Companies</u>		
Cost	\$ 663,533	\$ 2,123,825
Fair Value	\$ 1,380,189	\$ 2,955,572
<u>Warrants - Public Companies</u>		
Cost	\$ -	\$ -
Fair Value	\$ 219,967	\$ 607,616
<u>Total</u>		
Cost	\$ 663,533	\$ 2,123,825
Fair Value	\$ 1,600,156	\$ 3,563,188

The fair value of the warrants was determined using the Black-Scholes Option Pricing Model using the following weighted-average assumptions:

	September 30, 2018	September 30, 2017
Expected life of warrants (years)	1.20-3.08	2.71 - 4.08
Annualized volatility	96% - 159%	187% - 230%
Risk-free interest rate	2.19% - 2.24%	1.67%
Dividend rate	0%	0%

The investments were used as security for a note payable in prior years (Note 7).

During the year ended September 30, 2018, the Company acquired 107,800 shares of Pushfor Ltd. (Pushfor UK), a private company incorporated under the Companies Act 2006 of United Kingdom with cash consideration of \$671,142 and issuance of convertible debenture with a fair value of \$1,747,900 (Note 5).

As at September 30, 2018, the Company holds 27% interest in Pushfor UK (2017 – nil%). The investment is recognized as available-for-sale financial asset because the Company does not have significant influence including the ability to influence decision-making process, the right to elect board members and access to timely financial information.

## **PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)*

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#### **3. INVESTMENTS (Continued)**

As at September 30, 2018, the Company recorded an impairment of \$745,910 its investment in Pushfor UK based on the price that Pushfor UK was issuing its shares for cash at or around September 30, 2018.

#### **4. NOTE RECEIVABLE**

On October 24, 2017, the Company entered into a Financing Agreement with Dragon Wave-X Canada, Inc. (“DWX”) and Transform-X Inc. (“T-X”) whereby the Company made a secured loan of US\$4,000,000 to DWX. The principal balance plus interest of US\$400,000 was repayable on the 90<sup>th</sup> day following the date when the payment was advanced (January 22, 2018). The Company extended the loan’s repayment date to April 24, 2018 with principal US\$4,400,000 and an interest 8% per annum. As a part of the Financing Agreement, the Company received 52,635 common shares of DWX and 400,000 common shares of T-X. The Company holds a first-ranking security interest in all of the inventory, equipment (including machinery), accounts receivable and intellectual property of DWX as collateral for the loan.

In April 2018, the Company was in negotiation with a company formerly with a common director to sell this note receivable, and all parties agreed to extend the repayment date to December 31, 2018.

In July 2018, the Company sold this note receivable, 52,635 common shares of DWX and 400,000 common shares of T-X to the company formerly with a common director for a consideration of \$4,500,000 consisting of cash \$3,500,000 and return of 1,176,471 common shares of the Company valued at \$1,000,000. The shares were returned to the Company’s treasury and cancelled.

As a result of this sale, the Company recorded a loss of \$1,517,013 for the year ended September 30, 2018 (2017 - \$nil).

**PUSHFOR INVESTMENTS INC.**

(Formerly JG Wealth Inc.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended September 30, 2018 and 2017

*(Expressed in Canadian dollars)***4. NOTE RECEIVABLE (Continued)**

A continuity of the note receivable is as follows:

	September 30, 2018	September 30, 2017
Balance at beginning of year	\$ -	\$ -
Issuance of note receivable	5,030,400	-
Interest income	731,414	-
Cash consideration for sale of note receivable	(3,500,000)	-
Share consideration for sale of note receivable	(1,000,000)	-
Loss on sale of note receivable	(1,517,013)	-
Foreign exchange gain	255,199	-
Balance at the end of year	\$ -	\$ -

Also see Note 8.

**5. CONVERTIBLE DEBENTURE PAYABLE**

On November 7, 2017, the Company issued two convertible debentures for \$1,560,000 to a family member of the CEO and \$780,000 to a company formerly with a common director. These debentures were convertible into common shares of the Company at a price of \$0.50 per share at the option of the holders. These convertible debentures were unsecured, had a maturity of one year from the date of issuance, and carried an interest rate of 10% per annum. The initial fair value of the liability portion of the debenture was determined using a market interest rate of 25%. The liability was subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the debentures. The remainder of the proceeds, \$280,800, was allocated to the conversion portion and recognized in equity.

As at September 30, 2018, the Company repaid the debentures in full including interest of \$129,460. Out of the total repayments of \$2,469,460, \$2,340,238 was allocated to the liability portion of the debentures and the Company recorded a loss on settlement of \$4. The remainder of \$129,218 was allocated to the equity with the amount less than the initial recognition of the equity portion, \$151,582 credited to deficit.



**PUSHFOR INVESTMENTS INC.**

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**5. CONVERTIBLE DEBENTURE PAYABLE (Continued)**

On March 31, 2018, the Company entered into an agreement with an unrelated party to issue a convertible debenture with principal of \$2,000,000; in return, the Company received 63,639 shares of Pushfor UK of fair value of \$1,747,900 (Note 3). At initial recognition, the debenture was valued at the fair value of shares received. This convertible debenture was convertible into common shares of the Company at a conversion price of \$0.25 per share at the option of the holder. This convertible debenture is unsecured, will mature one year from issuance, and carries an interest rate of 4% per annum. The initial fair value of the liability portion of the debenture was determined using a market interest rate of 25%. The liability was subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the debenture. The remainder of the recognized fair value, \$83,900, is allocated to the conversion portion and recognized in equity.

As at September 30, 2018, the Company made partial repayment of the debenture. Out of the total repayments of \$1,520,934, \$1,426,594 was allocated to the liability portion of the debenture and the Company recorded a gain on settlement of \$74,897. The remainder of \$63,803 was allocated to the equity with the amount in excess of the initial recognition of the equity portion, \$101,975 charged to deficit.

A continuity of convertible debentures is as follows:

	September 30, 2018	September 30, 2017
Balance at beginning of year	\$ -	\$ -
Proceeds on issuance of convertible debentures	4,087,900	-
Amounts allocated to equity	(364,700)	-
Accretion interest	555,131	-
Repayments	(3,766,832)	-
Balance at the end of year	\$ 511,499	\$ -

Subsequent to the year ended September 30, 2018, the holder converted the remaining amounts into common shares of the Company at a conversion rate of \$0.25 per common shares.

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2018	September 30, 2017
Accounts payable	\$ 12,649	\$ -
Accrued liabilities	21,650	12,600
	<u>\$ 34,299</u>	<u>\$ 12,600</u>

**7. NOTES PAYABLE**

During the year ended September 30, 2016, the Company entered into a loan agreement with a company related to a former director of the Company (the “Creditor”) for a principal of \$125,000 with a repayment date on or before September 15, 2017. The loan bears interests at 4% per annum, and the Company used a portion of its investments as collateral for the loan (see Note 3). During the year ended September 30, 2018, the Company repaid the principal of \$125,000, and the lender waived all accrued interest.

On October 27, 2016, the Company entered into a loan agreement with the former CEO of the Company for \$45,000 with a repayment date on or before November 2, 2017. The loan bore interest at 3% per annum, and was unsecured. During the year ended September 30, 2018, the Company repaid this loan including interest of \$2,460.

**8. SHARE CAPITAL****Authorized**

Unlimited number of common shares without par value.

**Share Issuances**

On November 8, 2017, the Company issued 48,000,000 common shares for proceeds of \$2,400,000.

On June 5, 2018, the Company issued of 261,349 common shares gross proceeds of \$209,079.

**Share Split**

Effective December 13, 2017, the Company completed a split of its issued and outstanding shares on a one old share to two new shares basis. All common shares and per common share amounts reported in these consolidated interim financial statements have been adjusted to reflect the share split.

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**8. SHARE CAPITAL (Continued)**

**Share Cancellation**

In July 2018, the Company received 1,176,471 common shares of the Company from a company formerly with a common director as part of consideration for the sale of a note receivable (see Note 4). These shares were returned to the Company's treasury and cancelled.

**9. RELATED PARTY TRANSACTIONS**

**Transactions with Key Management and Directors**

The Company did not have transactions with management and directors for the year ended September 30, 2018.

**Due to Related Parties**

As at September 30, 2018, the Company had a balance owing to the Company's former director of \$nil (September 30, 2017 - \$50,000) as a result of receiving marketable securities from the former director. The Company repaid this balance during the year.

As at September 30, 2018, the Company had a balance owing to a company with a former common director of \$72,609 (September 30, 2017 - \$71,925).

**Share Capital**

During the year ended September 30, 2018, the Company issued convertible debentures with total value of \$2,340,000, of which \$1,560,000 was issued to a relative of the CEO. During the year, the Company repaid the principal of \$1,560,000, and in paid accrued interest of \$98,301 (Note 5).

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*(Expressed in Canadian dollars)***10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Classification of Financial Instruments**

Financial assets included in the statement of financial position are as follows:

	September 30, 2018	September 30, 2017
Loans and receivables		
Cash	\$ 149,708	\$ 469,311
FVTPL		
Investments	\$ 1,600,156	\$ 3,563,188
Available-for-sale		
Investments	\$ 1,673,132	\$ -

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2018	September 30, 2017
Non-derivative financial liabilities		
Trade payables	\$ 34,299	\$ -
Due to related parties	\$ 72,609	\$ 121,923
Convertible debenture payable	\$ 511,499	\$ -
Note payable	\$ -	\$ 176,427

**Fair Value**

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because of the interest rates applied to measure their carrying amount approximate current market rates.

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

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

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*(Expressed in Canadian dollars)***10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

Investments consist of common shares and share purchase warrants of Canadian public companies (see Note 3). The fair value measurement of the public company common shares is classified as Level 1. The fair value measure of the share purchase warrants is classified as Level 3 as the fair value estimate incorporates expected future volatility which is not based on observable market data. The investment in the shares of the private company is classified as a level 3 fair value measure.

**11. INCOME TAX**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2018	September 30, 2017
Net income before taxes	\$ (2,490,983)	\$ 214,797
Statutory tax rate	27%	26%
Expected income tax expense at the statutory tax rate	(673,000)	56,000
Non-taxable items and other	254,000	(23,000)
Adjustment to prior years provision versus stator tax returns	13,000	(10,000)
Change in unrecognized deferred assets	258,000	-
Other	34,000	(35,000)
Deferred income tax expense (recovery)	\$ (114,000)	\$ (12,000)

The Company has the following deferred tax assets and liability:

	September 30, 2018	September 30, 2017
Non-capital loss carry-forwards	\$ 120,000	\$ 71,000
Allowable capital losses	65,000	-
Investments	62,000	(184,000)
Debt with accretion	13,000	-
	260,000	(113,000)
Unrecognized deferred tax assets	(260,000)	-
Net deferred tax liability	\$ -	\$ (113,000)

As at September 30, 2018, the Company has non-capital losses totaling \$1,512,615 that may be carried forward to reduce taxable income derived in future years from 2025 to 2037.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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**12. SUBSEQUENT EVENTS**

On October 23, 2018, the Company closed a private placement for \$300,000 and issued 300,000 units. Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one-half of a common share of the Company at a price of \$1.75 per half share for a period of 2 years from the closing of the offering.

Subsequent to the year end, the Company acquired 61,948 shares of Pushfor UK at a price of \$15.22 (£8.90) per share, bringing the interest in Pushfor UK to 37%.