NetCents Technology Inc.

(formerly NetCents Systems Ltd.)

Consolidated Financial Statements

For the Years Ended 31 October 2016 and 2015

Stated in Canadian Funds

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of NetCents Technology Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

28 February 2017

"Gord Jessop"

Gord Jessop, President

"Clayton Moore"

Clayton Moore, CEO

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

200 – 1688 152 Street
Surrey, BC V4A 4N2
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NetCents Technology Inc. (formerly Netcents Systems Ltd.):

We have audited the accompanying consolidated financial statements of NetCents Technology Inc., which comprise the consolidated statements of financial position as at October 31, 2016 and 2015, and the consolidated statements of comprehensive 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 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 NetCents Technology Inc. as at October 31, 2016, and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about NetCents Technology Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
February 28, 2017

PARTNERSHIP OF:
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NETCENTS TECHNOLOGY INC.

(FORMERLY NETCENTS SYSTEMS LTD.) **Statement 1**

Canadian Funds

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at **31 October 2016**	31 October 2015
ASSETS			
Current Assets			
Cash		**$ 13,112**	$ 41,377
Prepaid amounts and deposits		**14,892**	6,500
		$ 28,004	$ 47,877
Intangible assets	(4)	**95,944**	-
		$ 123,948	$ 47,877
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(8)	**$ 1,082,482**	$ 550,296
Loans payable	(9)	**288,486**	160,577
Derivative liability	(10)	**11,463**	33,034
		1,382,431	743,907
EQUITY			
Share capital	(10)	**4,124,555**	3,296,812
Shares to be issued	(10)	**-**	96,294
Contributed surplus	(10)	**614,839**	-
Deficit		**(5,997,877)**	(4,089,136)
		(1,258,483)	(696,030)
		$ 123,948	$ 47,877

Nature of operations and going concern	(1)	Capital management	(12)
Basis of preparation	(2)	Subsequent events	(15)

The financial statements were approved by the Board of Directors on 28 February 2017 and were signed on its behalf by:

"Gord Jessop" "Clayton Moore"

Gord Jessop, Director *Clayton Moore, Director*

NETCENTS TECHNOLOGY INC.

(FORMERLY NETCENTS SYSTEMS LTD.) **Statement 2**

Canadian Funds

Consolidated Statements of Loss and Comprehensive Loss

	Note		Year ended 31 October 2016		Year ended 31 October 2015
CONTINUING OPERATIONS					
Operating Expenses					
Stock-based compensation	(10)	**$**	**614,839**	$	-
Listing expense	(3)		**471,632**		-
Consulting fees	(11)		**354,500**		1,655,618
Investor relations			**153,786**		7,779
Software development			**130,376**		130,153
Legal and audit fees			**82,772**		134,540
Rent			**70,422**		40,696
Website costs			**19,661**		29,482
Travel			**19,165**		2,756
Office			**12,598**		4,000
Transfer agent and filing fees			**9,237**		-
Loss from Operations			**1,938,988**		2,005,024
Other (Income) Expense					
Fair value change of derivative liability	(10)		**(21,571)**		33,034
Gain on settlement of debt	(8), (9), 10)		**(20,000)**		(299,625)
Interest expense	(9)		**11,324**		11,978
			(30,247)		(254,613)
Net Loss and Comprehensive Loss for the Year		**$**	**(1,908,741)**	$	(1,750,411)
Basic and Diluted Loss per Common Share		**$**	**(0.09)**	$	(0.09)
Weighted Average Number of Shares Outstanding			**21,031,409**		19,136,328

NETCENTS TECHNOLOGY INC.

(FORMERLY NETCENTS SYSTEMS LTD.) **Statement 3**

Canadian Funds

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	# of Shares	Amount	Obligation to issue shares	Amount	# of Options	Amount	Deficit	Shareholders' Equity
BALANCE 31 OCTOBER 2014	11,590,690	$ 971,290	2,915,780	$ 695,000	-	$ -	$ (2,778,725)	$ (1,112,435)
Shares issued for cash	2,541,600	615,000	-	-	-	-	-	615,000
Shares issued for services	11,440,885	1,620,522	(1,588,500)	(225,000)	-	-	-	1,395,522
Shares issued for cash received in prior year	14,120	5,000	(14,146)	(5,000)	-	-	-	-
Shares issued on conversion of loans	643,751	85,000	-	-	-	-	-	85,000
Shares to be issued for debt settlement	-	-	201,334	71,294	-	-	-	71,294
Shares to be issued for services	-	-	176,500	25,000	-	-	-	25,000
Cancellation of obligation to issue shares	-	-	(1,313,160)	(465,000)	-	-	440,000	(25,000)
Net Loss for the year	-	-	-	-	-	-	(1,750,411)	(1,750,411)
BALANCE 31 OCTOBER 2015	**26,231,046**	**$ 3,296,812**	**377,834**	**$ 96,294**	**-**	**$ -**	**$ (4,089,136)**	**$ (696,030)**
Units issued for cash	**940,392**	**333,000**	**-**	**-**	**-**	**-**	**-**	**333,000**
Share issuance costs	**-**	**(3,243)**	**-**	**-**	**-**	**-**	**-**	**(3,243)**
Shares issued for cash received in prior year	**377,834**	**96,294**	**(377,834)**	**(96,294)**	**-**	**-**	**-**	**-**
Shares issued for debt settlement	**28,240**	**10,000**	**-**	**-**	**-**	**-**	**-**	**10,000**
Listing expense on amalgamation	**1,010,549**	**353,692**	**-**	**-**	**-**	**-**	**-**	**353,692**
Stock-based compensation	**-**	**-**	**-**	**-**	**2,590,000**	**614,839**	**-**	**614,839**
Shares issued for services	**75,000**	**15,000**	**-**	**-**	**-**	**-**	**-**	**15,000**
Shares issued for cash	**100,000**	**23,000**	**-**	**-**	**-**	**-**	**-**	**23,000**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(1,908,741)**	**(1,908,741)**
BALANCE 31 OCTOBER 2016	**28,763,061**	**$ 4,124,555**	**-**	**$ -**	**2,590,000**	**$ 614,839**	**$ (5,997,877)**	**$ (1,258,483)**

See Note 10

NETCENTS TECHNOLOGY INC.

(FORMERLY NETCENTS SYSTEMS LTD.) **Statement 4**

Canadian Funds

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year Ended 31 October 2016		Year Ended 31 October 2015
OPERATING ACTIVITIES				
Net Loss for the Year	$	**(1,908,741)**	$	(1,750,411)
Items not Affecting Cash				
Interest expense		**11,324**		11,978
Shares issued for services		**15,000**		1,420,522
Shares issued for listing expense		**353,692**		-
Stock based compensation		**614,839**		-
Gain on settlement of debt		**(20,000)**		(299,625)
Change in fair value of derivative liability		**(21,571)**		33,034
Change in Non-cash Working Capital Items				
Prepaid amounts and other assets		**(9,307)**		(6,500)
Accounts payable and accrued liabilities		**436,242**		(52,626)
		(528,522)		(643,628)
FINANCING ACTIVITIES				
Proceeds from share and unit issuances		**352,757**		615,000
Proceeds from loans payable		**147,500**		70,000
		500,257		685,000
Net (decrease) increase in Cash		**(28,265)**		41,372
Cash position – beginning of year		**41,377**		5
Cash Position – End of Year	$	**13,112**	$	41,377
Other transactions				
Cash paid for interest	$	**2,625**	$	-
Cash paid for income taxes	$	**-**	$	-

(Expressed in Canadian Dollars)

1) Nature of operations and going concern

NetCents Technology Inc. (formerly NetCents Systems Ltd.) (the "Company") is engaged in software development for the payment processing industry. On 10 February 2016, the Company obtained a public listing on the Canadian Securities Exchange by means of a reverse takeover (Note 3). The Company's stock symbol is NC.

The head office and the registered and records office of the Company are located at 1500 – 885 West Georgia Street, Vancouver, BC, V6C 3E8.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Historically, the Company has not earned revenues and is not able to finance day to day activities through operations.

The Company's continuation as a going concern is dependent upon the successful development and marketing of its payment platform software, its ability to attain profitable operations and generate funds there from, or raise equity capital or borrowings sufficient to meet current and future obligations. As noted below the Company has accumulated significant losses to date and has a substantial working capital deficiency.

(Rounded '000')		**31 October 2016**		31 October 2015
Working capital (deficiency)	$	**(1,354,427)**	$	(696,030)
Accumulated (deficit)	$	**(5,997,877)**	$	(4,089,136)

These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares, there can be no assurance that this support will continue. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

2) Basis of preparation – statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2017 and have been prepared under the historical cost convention, except for certain financial instruments, as set out in the summary of significant accounting policies (Note 4).

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3) Amalgamation

On February 10, 2016, the Company completed an amalgamation between the Company (Netcents Systems Ltd.), UWO Consulting Ltd. ("UWO"), 1018758 B.C. Ltd. ("PubCo") and 1887217 Alberta Ltd. ("SubCo"). SubCo is a wholly-owned subsidiary of PubCo and PubCo is a wholly-owned subsidiary of UWO. These financial statements present the historic financial information of the Company up to the date of Amalgamation on 10 February 2016 and the financial information of the amalgamated entity thereafter.

Pursuant to the amalgamation agreement, the following took place (the "Transactions"):

- PubCo applied to have its shares listed in the Canadian Securities Exchange;
- the Company and SubCo amalgamated to form "AmalCo" and continue as one corporation under the Business Corporations Act of Alberta;
- the issued and outstanding common shares and share purchase warrants of the Company was exchanged for common shares and warrants of PubCo on the basis of one share or warrant of the Company for 0.706 shares or warrants of PubCo; and
- PubCo issued 1,010,549 common shares to UWO's shareholders.

The Transactions resulted in the reverse takeover of PubCo by the Company. In connection with the Transactions, PubCo changed its name to Netcents Technology Inc.

For accounting purposes, the amalgamation was accounted for as an acquisition of PubCo by the Company. The Company was determined to be the accounting acquirer on the basis that the shareholders of the Company obtained the majority of the common shares of PubCo. The consolidated financial statements are a continuation of Netcents Systems Ltd. The results of PubCo (the parent company) are included from 10 February 2016 onwards. All intercompany balances between Netcents Technology Inc. and AmalCo (the subsidiary) are eliminated on consolidation.

The fair value of the consideration paid by the Company for the acquisition of PubCo was determined based on the fair value of the equity instruments of Pubco issued and outstanding at the time of the completion of the Amalgamation. The fair value of the common shares of Pubco were estimated to be $0.35 per share based on the share price of the most recent financing of the Company.

The cost of the transaction includes the consideration paid plus transaction costs incurred as follows:

Share-based payment – 1,010,549 shares @ $0.35 per share (Note 10)	$	353,692
Transaction costs		12,408
Legal expenses		103,953
Total cost of transaction	$	470,053

The cost of the transaction was first allocated to the fair value of the assets and liabilities of Pubco with the excess recorded as a listing expense as follows:

		10 February 2016
Cost of transaction	$	470,053
Net liabilities of Pubco:		
Cash		1
Bank overdraft		(80)
Accounts payable and accrued liabilities		(1,500)
		1,579
Listing expense	$	471,632

4) Summary of significant accounting policies

a) Financial Instruments

The Company initially measures financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

Financial assets at fair value through profit or loss (“FVTPL”) are measured at fair value at the balance sheet date with any gain or loss recognized in the statement of comprehensive loss. Interest and dividends earned from these assets are also included in the statement of comprehensive loss. The Company has no financial assets classified as FVTPL.

Loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses are recognized in the statement of comprehensive loss. The Company classifies cash as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They 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 has no financial assets classified as held-to-maturity investments.

Available-for-sale financial assets are 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. 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 has no financial assets classified as available-for-sale financial assets.

Non-derivative financial liabilities are measured at amortized cost using the effective interest method. Non-derivate financial liabilities consist of accounts payable and accrued liabilities and loans payable. Derivative liabilities, which consist of share purchase warrants with variable exercise prices, are measured at fair value.

Transactions costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception (except for transaction costs related to financial instruments related to FVTPL financial assets which are expensed as incurred), and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in the statement of comprehensive loss.

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.

b) Loss per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) 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 income (loss) 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. For the years presented, because the Company incurred losses, the effect of any dilutive instruments would be anti-dilutive, diluted loss per share equals basic loss per share.

(Expressed in Canadian Dollars)

c) 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 or 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.

Deferred income tax

Deferred income tax is provided using the asset and liability sheet method 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 income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income 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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

d) Research and development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Corporation's development group, are capitalized as intangible assets when the Corporation can demonstrate that the technical feasibility of the project has been established; the Corporation intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Corporation can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated useful life of three years.

During the year ended 31 October 2016, the Company capitalized $95,944 (31 October 2015: $Nil) of costs incurred in updating and enhancing the functionality of its payment processing software. This technology became ready for its intended use shortly after 31 October 2016 and the Company will begin recording amortization in future financial reporting periods.

e) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

f) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

5) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

a) Key sources of estimation uncertainty

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 4. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using Black-Scholes do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

b) Key sources of judgement uncertainty

Going concern evaluation

As discussed on note 1, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 October 2016.

6) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company is currently assessing the impact, if any, that these standards might have on its financial statements.

a) IFRS 9, Financial Instruments

In July 2014, the IASB issued IFRS 9, *Financial Instruments* (IFRS 9). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: 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 or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption of the new standard permitted. The Company does not intend to early adopt IFRS 9. Management is currently reviewing the impact that this standard will have on the Company's financial statements.

b) IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five –step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Management is currently reviewing the impact that this standard will have on the Company's financial statements.

c) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard is effective for annual reporting periods on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been adopted. Management is currently reviewing the impact that this standard will have on the Company's financial statements.

d) IFRS 10, Consolidated financial statements (amended standard)

In September 2014, the IASB issued amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, Investments in Associates and Joint Ventures. The amendments provide clarification on the recognition of gains or losses upon the sale or contribution of assets between an investor and its associate or joint venture. This amendment is effective for fiscal years beginning on or after 1 January 2016.

e) IFRS 11, Joint arrangements (amended standard)

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements* (IFRS 11). The amendments in IFRS 11 are to be applied prospectively. The amendments clarify the accounting for the acquisition of interests in joint operations and require the acquirer to apply the principles of business combinations accounting in IFRS 3, *Business Combinations.* This amendment is effective for fiscal years beginning on or after 1 January 2016.

f) IAS 38, Intangible assets (amended standard)

Amendments to IAS 38 provide clarification of acceptable methods of depreciation and amortization. The amendments were issued in May 2014 and apply to annual reporting periods beginning on or after 1 January 2016, with early adoption permitted. The Company continues to assess this new standard, but does not expect it to have a significant impact.

7) Financial instruments and risk management

f) Financial instrument classification and measurement

Financial instruments of the Company carried on the statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 October 2016 and 2015. There have been no changes in levels during the year.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

g) Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts payable and accrued liabilities, loans payable, and derivative liability. As at 31 October 2016 and 2015, the carrying value of cash is at fair value. Accounts payable and accrued liabilities and loans payable approximate their fair value due to their short-term nature.

h) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. Substantially all of the Company's cash are deposited in bank accounts held with major banks in Canada. As the majority of the Company's cash is held by the same bank there is a concentration of credit risk. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies. The Company has assessed credit risk as low.

j) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's liabilities are either non-interest bearing or pay interest at fixed rates. Therefore, interest rate risk is not considered significant.

k) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have any financial instruments denominated in foreign currencies and is therefore not exposed to foreign currency risk.

l) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 October 2016, the Company had a cash balance of $13,112 to settle current liabilities of $1,382,431 which are due within one year. Accordingly, the Company is exposed to significant liquidity risk (Note 1).

8) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of:

		31 October 2016		31 October 2015
Trade payables	**$**	**1,059,110**	$	493,447
Accrued liabilities		**23,372**		56,849
	$	**1,082,482**	$	550,296

During the year ended 31 October 2015, the Company settled an account payable of $32,220 by payment of $18,000 resulting in a gain on settlement of $14,220. See Note 11.

9) Loans payable

		31 October 2016		31 October 2015
Balance – Beginning of Year	**$**	**160,577**	$	430,299
Proceeds from loans		**147,500**		70,000
Interest expense		**11,324**		11,978
Prepaid interest expense		**(915)**		-
Settlement of loans payable		**(30,000)**		(351,700)
Balance – End of Year	**$**	**288,486**	$	160,577

Details of loans outstanding during the years ended 31 October 2016 and 2015 are as follows:

Pursuant to an agreement entered into on 12 October 2016, the Company was loaned $35,000. The term of the loan is for three months from the agreement date at which time the Company has the option to convert the loan into common shares. At 31 October 2016, included in the loans payable balance is $1,141 of accrued interest relating to this loan. Subsequent to year-end, on 7 December 2016, the Company signed a debt settlement agreement whereby the principal and interest totalling $38,248 was settled in exchange for 191,240 common shares of the Company.

Pursuant to an agreement entered into on 19 August 2016, the Company was loaned $37,500 bearing interest at a rate of 12% per year. The term of the loan is for seven months.

Pursuant to an agreement entered into on 31 May 2016, the Company was loaned $20,000 bearing interest at 15% per year with a term of six months. As at 31 October 2016 the loan was unpaid and there was outstanding interest of $1,259.

Pursuant to an agreement entered into on 31 August 2016, the Company was loaned $30,000 which is non-interest bearing with a term of six months. At the end of the term, the lender agrees to convert the loan into common shares of the Company at the market price of the Company's shares.

Pursuant to an agreement entered into on 6 June 2016, the Company was loaned $25,000 bearing interest at 15% per annum. The term of the loan is six months. At 31 October 2016 the loan was unpaid and there was outstanding interest of $1,510.

Pursuant to an agreement entered into on 14 November 2011, the Company was loaned $60,000 from the Company's president. The loan bears interest at a rate of 10% per annum and was repayable on 14 May 2013. Effective 1 July 2015, the lender agreed that interest would stop accruing on the loan. At 31 October 2016, the loan was unpaid and there was outstanding interest of $16,270 (31 October 2015: $16,270) (Note 11).

Pursuant to an agreement entered into on 2 October 2015, the Company was advanced $40,000. The loan is repayable in six months from the date of the agreement and bears interest at a rate of 10% per annum. As at 31 October 2016, there was accrued interest of $6,828 (31 October 2015: $329) including a failure to pay penalty of $2,500.

Pursuant to an agreement entered into on 6 February 2015, the Company was loaned $35,000 bearing interest at 6% per year. The proceeds received on the loan were reduced by a $5,000 fee. On 4 May 2015, pursuant to the terms of the loan agreement, the loan was converted to 291,667 common shares at a conversion price of $0.12 per share. As at 31 October 2016 and 2015, there remains outstanding interest related to this loan of $478.

During the year ended 31 October 2015 a lender agreed to settle a loan with a principal and unpaid interest balance of $104,205, as well as an obligation to issue 200,000 common shares and a balance included in accounts payable of $113,000 by payments totaling $60,000 resulting in a gain from settlement of debt of $157,205.

During the year ended 31 October 2015, other loans totaling $212,495 were either forgiven or converted to common shares resulting in a gain in settlement of $92,200.

Other loans totalling $13,500 (31 October 2015: $43,500) are unsecured, non-interest bearing with no fixed terms of repayment (Note 11). Included in this balance as at 31 October 2015 was $30,000 due to a third party. During the year ended 31 October 2016 the Company issued 28,240 common shares to settle the liability. The fair value of the shares on the date of settlement was $0.354; accordingly, the Company recognized a gain on settlement of debt of $20,000.

10) Share capital

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

On 10 February 2016 the Company completed an amalgamation whereby the Company's shares and warrants were exchanged for shares and warrants of PubCo on the basis of one share or warrant of the Company for 0.706 (the "Exchange Ratio") shares or warrants of PubCo (Note 3). The equity transactions prior to completion of the amalgamation are those of the Company (the legal acquiree) but have been restated to reflect the Exchange Ratio.

As at 31 October 2016 there were 28,763,061 (31 October 2015: 26,231,046) common shares issued and fully paid common shares outstanding.

On 3 August 2016 the Company issued 100,000 units were issued to investor for proceeds of $23,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant allows the holder to purchase one additional share at a price of $0.35 per share for a period of 18 months from the date of issue.

On 3 August 2016 the Company issued 75,000 common shares in connection with a shares for services agreement. The fair value of the shares on the date of issuance was $0.20; accordingly, the shares were valued at $15,000.

On 2 February 2016, the Company issued 1,010,549 common shares in connection with the Amalgamation. The estimated fair value of the shares was determined to be $0.35 per share for a total estimated fair value of $353,692 (Note 3).

On 2 February 2016 the Company issued 28,240 common shares in settlement of a $30,000 loan. The fair value of the shares on the date of settlement was $0.354; accordingly, the Company recognized a gain on settlement of debt of $20,000.

On 2 February 2016 the Company issued 377,834 common shares to third parties to satisfy an obligation to issue shares outstanding as at 31 October 2015 in the amount of $96,294.

On 23 December 2015, the Company completed a private placement and issued 940,392 units at a price of $0.354 per unit for proceeds of $333,000. Each unit consists of one common share and one share purchase warrant. Each warrant allows the holder to purchase one additional share at a price of $0.708 per common share for a period of 12 months. The warrants expiry date was later amended to be 24 months from date of issue.

On 6 July 2015, the Company completed a private placement and issued 1,200,200 units at a price of $0.354 per unit for proceeds of $425,000. Each unit consists of one common share and one share purchase warrant. Each warrant allows the holder to purchase one additional share at a price of $0.708 per common share for a period of 12 months.

On 4 May 2015, the Company issued 2,161,927 common shares to third parties for services rendered. The estimated fair value of the shares at the time of issuance was $0.142 per share. The Company recorded consulting fees of $306,222 in connection with this issuance. 1,412,000 of the common shares were issued to a director of the Company.

On 4 May 2015, the Company issued 2,118,000 common shares to the Company's chief executive officer for services rendered. The estimated fair value of the shares at the time of issuance was $0.142 per share. The Company recorded consulting fees of $300,000 in connection with this issuance.

On 4 May 2015, the Company issued 2,118,000 common shares to the Company's president pursuant to his employment agreement (Note 11). The estimated fair value of the shares at the time of issuance was $0.142 per share. The Company recorded consulting fees of $300,000 in connection with the issuance, of these shares of which $225,000 was recorded prior to 31 October 2014 and $75,000 during the year ended 31 October 2015.

On 4 May 2015, pursuant to a consulting and services agreement that was effective 1 January 2015, the Company issued 5,042,958 common shares to third parties for services rendered. The estimated fair value of the shares at the time of issuance was $0.142 per share. The Company recorded consulting fees of $714,300 in connection with the issuance. 600,100 of the common shares were issued to a director of the Company.

On 4 May 2015, the Company issued 14,120 common shares to a third party to satisfy an obligation to issue shares.

On 4 May 2015, the Company issued 205,917 common shares on conversion of a loan with a balance of $35,000.

On 4 May 2015, the Company issued 437,834 units on the conversion of a convertible loan of $50,000 plus accrued interest that was issued during the year ended 31 October 2013. Each unit consisted of one common share and one warrant. Each warrant allows the holder to purchase one additional common share at an exercise price of $0.142 per common share for a period of two years.

On 10 December 2014, the Company completed a private placement and issued 1,341,400 common shares at a price of $0.142 per share for proceeds of $190,000.

c) Shares to be issued:

On 16 July 2015, a third party agreed to waive the Company's obligation to issue the 1,171,960 common shares and settle an account payable of $36,000 for a cash payment of $25,000. The obligation to issue shares was previously recorded at their estimated fair value of $0.354 per share. The cash payment was allocated to the reversal of the obligation to issue shares and charged to deficit. The settlement of the account payable resulted in a gain of $36,000.

As at 31 October 2014, there were 14,120 common shares to be issued relating to a subscription of $5,000 received prior to 31 October 2011. These common shares were issued during the year ended 31 October 2015.

At 31 October 2014, shares to be issued includes 141,200 common shares to be issued to a third party lender where the Company had failed to repay the loan when due. The obligation to issue these shares was recorded at $0.354 per share, being their estimated fair value at repayment date of the loan. During the year ended 31 October 2015, the lender agreed to waive the Company's obligation to issue these shares.

There was no obligation to issue shares as at 31 October 2016.

d) Warrants

As of 31 October 2016, there were 2,628,426 share purchase warrants outstanding as follows:

- 437,834 warrants which expire on 4 May 2017 and are exercisable at the lower of $0.354 per share and the price of the then most recent public offering of the Company's shares. Because the exercise price of the warrants is not fixed these are accounted for as a derivative financial liability and recorded at fair value. The fair value as at October 31, 2016 was determined to be $11,463 (31 October 2015: $33,034) determined using the Black-Scholes option pricing model assuming a volatility of 125%, a risk free rate of 0.55%, a dividend yield of 0% and an expected remaining life of six months.
- 1,200,200 warrants which originally expired on 6 July 2016 and are exercisable at $0.708 per share. During the year the Company extended the expiration date of these warrants to 6 July 2017.
- 940,392 warrants which expire on 23 December 2016 and are exercisable at $0.708 per share. Subsequent to 31 October 2016, the Company extended the expiration date of these warrants to 23 December 2017.
- 50,000 warrants which expire on 3 February 2018 are exercisable at $0.35 per share.

WARRANT ACTIVITY	31 October 2016		Weighted Average Exercise Price	31 October 2015		Weighted Average Exercise Price
Balance – Beginning of Year	**1,638,034**	**$**	**0.61**	-	$	-
Issued	**990,392**		**0.69**	1,638,034		0.61
Balance – End of Year	**2,628,426**	**$**	**0.64**	1,638,034	$	0.61

e) Stock Options

On 7 April 2016, the Company granted 2,080,000 stock options with an exercise price of $0.25 and expiry date ten years from the date of grant. The grant date fair value of the stock options was estimated to be $519,731 based on a Black-Scholes calculation using a volatility of 218.08%, an expected life of 10 years, a risk free interest rate of 1.78% and a dividend yield of Nil%.

(Expressed in Canadian Dollars)

On 24 July 2016, the Company granted 30,000 stock options with an exercise price of $0.25 and expiry date five years from the date of grant. The grant date fair value of the stock options was estimated to be $5,127 based on a Black-Scholes calculation using a volatility of 150.72%, an expected life of 5 years, a risk free interest rate of 0.82% and a dividend yield of Nil%.

On 13 July 2016, the Company granted 480,000 stock options with an exercise price of $0.25 and expiry date four years from the date of grant. The grant date fair value of the stock options was estimated to be $89,981 based on a Black-Scholes calculation using a volatility of 147.4%, an expected life of 4 years, a risk free interest rate of 0.55% and a dividend yield of Nil%.

Stock option activity during the year is summarized as follows:

STOCK OPTION ACTIVITY	**31 October 2016**	**Weighted Average Exercise Price**	31 October 2015	Weighted Average Exercise Price
Balance – Beginning of Year	**-**	**$ -**	-	$ -
Granted	**2,590,000**	**0.25**	-	-
Balance – End of Year	**2,590,000**	**$ 0.25**	-	$ -

As at 31 October 2016 and 31 October 2015 the Company had the following stock options outstanding:

Expiry date	**Exercise Price**	**31 October 2016 Outstanding**	**31 October 2016 Exercisable**	31 October 2015 Outstanding
April 7, 2026	**0.25**	**2,080,000**	**2,080,000**	-
July 4, 2021	**0.25**	**30,000**	**30,000**	-
July 13, 2020	**0.25**	**480,000**	**480,000**	-
		2,590,000	**2,590,000**	-

For the year ended 31 October 2016 and the year ended 31 October 2015, the Company issued stock options to its directors, officers, employees, and consultants and recognized stock-based compensation as follows:

	31 October 2016	31 October 2015
Total Options Granted	**2,590,000**	-
Weighted average exercise price	**$ 0.25**	$ -
Weighted average remaining life of the outstanding options in years	**8.32**	
Estimated grant date fair value	**$ 614,839**	$ -
Estimated grant date fair value per option	**$ 0.24**	$ -

(Expressed in Canadian Dollars)

11) Related party transactions

a) Related party transactions

Transactions with related parties for the years ended October 31, 2016 and 2015 are as follows:

KEY MANAGEMENT COMPENSATION

Principal Position	Fiscal Period[i]		Remuneration or Fees[ii]		Interest
Clayton Moore, CEO and director – consulting fees	**2016**	**$**	**170,000**	**$**	**-**
	2015	$	418,000[iii]	$	-
Gord Jessop, President and director – consulting fees	**2016**	**$**	**145,000**	**$**	-
	2015	$	169,000[iv]	$	4,500
Midland Management, a company controlled by the former CFO – consulting fees	**2016**	**$**	**23,625**	**$**	-
	2015	$	-	$	-
0743886 BC Ltd, a company controlled by a director of the Company.	**2016**	**$**	-	**$**	-
	2015	$	105,000[v]	$	-
Fraser McDougall, director	**2016**	**$**	-	**$**	-
	2015	$	200,000[vi]	$	-

(i) For the years ended 31 October 2016 and 31 October 2015.
(ii) Remuneration or fees were paid or accrued to the related party.
(iii) Includes consulting fees totalling $300,000 paid in the form of common shares.
(iv) Includes consulting fees totalling $75,000 paid in the form of common shares.
(v) Includes consulting fees totalling $85,000 paid in the form of common shares.
(vi) Includes consulting fees totalling $200,000 paid in the form of common shares.

b) Related party balances

Included in accounts payable and accrued liabilities as at 31 October 2016 is $269,830 (31 October 2015: $192,776) to a director and the CEO of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. (Note 8)

Included in accounts payable and accrued liabilities as at 31 October 2016 is $213,769 (31 October 2015: $90,416) to a director and the President of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. (Note 8)

Included in accounts payable and accrued liabilities as at 31 October 2016 is $7,000 (31 October 2015: $7,000) due to a relative of a director and the CEO of the Company. This amount is unsecured, non-interest bearing with no fixed terms of repayment. (Note 8)

Included in loans payable as at 31 October 2016 is $72,500 (31 October 2015: $72,500) plus accrued interest of $16,270 (31 October 2015: $16,270) owing to the President of the Company. The loan is not secured. $60,000 of the loan bears interest at 10% per year and was repayable on 14 May 2013. Effective 1 July 2015, the Company's president agreed that interest would stop accruing on the loan. The remainder of the loan is non-interest bearing with no fixed terms of repayment. (Note 9)

c) Commitments with related parties

Pursuant to an employment agreement effective 1 January 2014, the Company will remunerate the president of the Company as follows:

Salary of:

- $5,000 per month for the 12 month period ended 31 December 2014;
- $7,500 per month for the 12 month period ended 31 December 2015; and
- $13,000 per month thereafter.

Common share issuances:

- 529,500 shares on or before 31 March 2014 (issued);
- 529,500 shares on or before 30 June 2014 (issued);
- 529,500 shares on or before 30 September 2014 (issued); and
- 529,500 shares on or before 31 December 2014 (issued).

In the event that the president is terminated without cause, the Company must continue paying the salary of the president for a period of 18 months.

Pursuant to an employment agreement effective 1 January 2014, the Company will remunerate the Chief Executive Officer of the Company as follows:

Salary of:

- $10,000 per month for the 24 month period ended 31 December 2015; and
- $15,000 per month thereafter;

In the event that the CEO is terminated without cause, the Company must continue paying the salary of the president for a period of 18 months.

12) Capital management

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

13) Income taxes

The following table reconciles the expected income taxes (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended 31 October 2016 and 2015:

		31 October 2016		31 October 2015
Canadian (loss) before income taxes	**$**	**(1,908,741)**	**$**	(1,750,412)
Canadian statutory tax rates		**26%**		26%
Expected income tax (recovery)	**$**	**(496,273)**	**$**	(455,107)
Temporary differences		**(843)**		-
Non-deductible items		**254,418**		(47,540)
Change in deferred tax asset not recognized		**242,698**		502,647
Income tax (recovery)	**$**	**-**	**$**	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at 31 October 2016 and 2015 are comprised of the following:

		31 October 2016		31 October 2015
Deferred tax assets - Canada				
Non-capital loss carryforwards	**$**	**1,331,074**	$	1,083,433
Derivative liability		**2,980**		8,589
Share issuance costs		**674**		
		1,334,728		1,092,022
Deferred tax asset not recognized		**(1,334,728)**		(1,092,022)
Net deferred tax asset	**$**	**-**	$	-

The Company has non-capital loss carry forwards of approximately $5,119,517 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry		Taxable Loss
2027		145,950
2028		140,115
2029		365,228
2030		220,899
2031		278,440
2032		311,705
2033		281,714
2034		522,811
2035		1,900,225
2036		941,867
Total	$	5,119,517

14) Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

15) Subsequent events

On 22 November 2016, the Company issued a convertible promissory note for proceeds of $200,000. The note is interest bearing at 0.16% per day for the first month and 0.1% per day for the next two months, secured and was due on 21 February 2017. The Lender may, at its sole discretion elect, to convert any part of all of the outstanding balance toward the purchase of common shares in the capital stock of the Company at a price per share equal to the bidding price per share average over the immediately preceding one-week period less a discount of 10% applied to each share. On 3 February 2017, the Company repaid the loan in the amount of the principal balance of $200,000 plus accrued interest of $18,800.

On 7 December 2016, the Company issued 191,240 common shares for $0.20 per share for settlement of a loan payable with a principal and interest totalling $38,248. (Note 9)

On 21 December 2016, the Company extended the expiration date of the 940,392 warrants issued on 25 December 2015 to 23 December 2017. (Note 10)

On 17 January 2017, the Company issued 190,476 common shares for settlement of a loan payable with a principal and interest totalling $30,000 (Note 9)

On 6 February 2017, the Company issued 450,000 common shares for settlement of $95,944 of debt for services provided for software development (Note 4).

On 15 February 2017, the Company issued a convertible promissory note for $200,000. The note is interest bearing at 0.16% per day for the first day and 0.1% per day due on 23 May 2017, and secured. The Lender may, at its sole discretion elect, to convert any part of all of the outstanding balance toward the purchase of common shares in the capital stock of the Company at a price per share equal to the bidding price per share average over the immediately preceding one-week period less a discount of 10% applied to each share.

Subsequent to 31 October 2016, the Company agreed to provide payment processing services to a third party. To date the Company has processed payments of $917,173 from which it will generate revenues in the form of transaction fees.