NetCents Technology Inc.

Consolidated Financial Statements

For the Year Ended 31 October 2017

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 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.

The consolidated financial statements were approved by the Board of Directors on 28 February 2018 and were signed on its behalf by:

Gord Jessop	Clayton Moore
Gord Jessop, President	Clayton Moore, CEO

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NetCents Technology Inc.

We have audited the accompanying consolidated financial statements of NetCents Technology Inc., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in 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, 2017, and 2016, 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, 2018

NETCENTS TECHNOLOGY INC.

Statement 1

Canadian Funds

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 October 2017	31 October 2016
ASSETS			
Current Assets			
Cash		$ **27,249**	$ 13,112
Assets held for clients	(8)	**198,777**	-
Funds due from payment processors	(9)	**203,608**	-
Prepaid amounts and deposits		**45,889**	14,892
		475,523	28,004
Equipment	(10)	**14,995**	-
Intangible assets	(11)	**129,351**	95,944
		$ **619,869**	$ 123,948
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		$ **513,852**	$ 591,883
Due to related parties	(14)	**305,761**	490,599
Client deposits	(8)	**198,777**	-
Funds due to merchants	(9)	**835,251**	-
Loans payable	(12)	**104,043**	288,486
Deferred revenue		**69,248**	-
Derivative liability		**-**	11,463
		2,026,932	1,382,431
EQUITY			
Share capital	(13)	**6,269,920**	4,124,555
Contributed surplus – options	(13)	**755,839**	614,839
Contributed surplus – warrants	(13)	**346,000**	-
Deficit		**(8,778,822)**	(5,997,877)
		(1,407,063)	(1,258,483)
		$ **619,869**	$ 123,948

Nature of operations and going concern	(1)	Commitments	(15)
Basis of preparation – statement of compliance	(2)	Subsequent events	(19)

The consolidated financial statements were approved by the Board of Directors on 28 February 2018 and were signed on its behalf by:

Gord Jessop

Gord Jessop, Director

Clayton Moore

Clayton Moore, Director

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	Year ended 31 October 2017	Year ended 31 October 2016
Income			
Processing revenue		$ 94,105	$ -
Cost of sales		(14,384)	-
Gross profit		79,721	-
Operating Expenses			
Share based payments	(13)	568,515	629,839
Consulting fees	(14)	529,193	469,876
Bad debt expense	(9)	379,406	-
Professional fees		230,961	82,772
Investor relations		103,911	153,786
Rent		86,538	70,422
Transaction expenses		81,052	-
Amortization of intangible assets	(11)	64,676	-
Office		64,577	12,598
Transfer agent and filing fees		40,488	9,237
Marketing		37,566	-
Travel		28,183	19,165
Meals and entertainment		10,023	-
Amortization of equipment	(10)	1,666	-
Listing fee	(3)	-	471,632
Website costs		-	19,661
		2,226,755	1,938,988
Loss from Operations		(2,147,034)	(1,938,988)
Other Income (Loss)			
Interest expense		(90,718)	(11,324)
Foreign exchange expense		(30,887)	-
Fair value change of derivative liability		11,463	21,571
Gain (loss) on settlement of debt	(12, 13)	(523,769)	20,000
		(633,911)	(30,247)
Net Loss and Comprehensive Loss for the Year		$ (2,780,945)	$ (1,908,741)
Basic and Diluted Loss per Common Share		$ (0.09)	$ (0.06)
Weighted Average Number of Shares Outstanding		30,724,416	21,031,409

The accompanying notes form an integral part of these consolidated financial statements

NETCENTS TECHNOLOGY INC.

Statement 3

Canadian Funds

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	# of Shares	Amount	Obligation to issue shares	Amount	Contributed surplus – options	Contributed surplus - warrants	Deficit	Equity
BALANCE 31 OCTOBER 2015	26,231,046 $	3,296,812	377,834 $	96,294	- $	- $	(4,089,136) $	(696,030)
Units issued for cash	1,040,392	356,000	-	-	-	-	-	356,000
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	-	-	-	-	614,839	-	-	614,839
Shares issued for services	75,000	15,000	-	-	-	-	-	15,000
Net loss for the year	-	-	-	-	-	-	(1,908,741)	(1,908,741)
BALANCE 31 OCTOBER 2016	28,763,061	4,124,555	-	-	614,839	-	(5,997,877)	(1,258,483)
Units issued for cash	3,304,640	1,156,624	-	-	-	-	-	1,156,624
Share issuance costs	-	(158,565)	-	-	-	60,000	-	(98,565)
Shares issued for debt settlement	831,716	178,770	-	-	-	-	-	178,770
Units issued for debt settlement	892,766	491,021	-	-	-	286,000	-	777,021
Stock-based compensation	-	-	-	-	187,000	-	-	187,000
Shares issued for services	748,068	381,515	-	-	-	-	-	381,515
Shares issued for cash	100,000	20,000	-	-	-	-	-	20,000
Shares issued on the exercise of options	150,000	76,000	-	-	(46,000)	-	-	30,000
Net loss for the year	-	-	-	-	-	-	(2,780,945)	(2,780,945)
BALANCE 31 OCTOBER 2017	34,790,251	6,269,920	-	-	755,839	346,000	(8,778,822)	(1,407,063)

The accompanying notes form an integral part of these consolidated financial statements

NetCents Technology Inc.

Statement 4

Canadian Funds

Consolidated Statements of Cash Flows

		Year Ended 31 October 2017		Year Ended 31 October 2016
Operating Activities				
Net Loss for the Year	$	**(2,780,945)**	$	(1,908,741)
Items not Affecting Cash				
Amortization of equipment		**1,666**		-
Amortization of intangible assets		**64,676**		-
Change in fair value of derivative liability		**(11,463)**		(21,571)
Loss (gain) on settlement of debt		**523,769**		(20,000)
Non-cash interest expense		**-**		11,324
Share based payments		**568,515**		629,839
Shares issued for listing expense		**-**		353,692
Change in Non-cash Working Capital Items				
Assets held for clients		**(198,777)**		-
Funds due from processors		**(203,608)**		-
Prepaid amounts and other assets		**(30,997)**		(9,307)
Clients deposits		**198,777**		-
Accounts payable and accrued liabilities		**17,913**		436,242
Funds due to merchants		**835,251**		-
Deferred revenue		**69,248**		-
Due to related parties		**82,992**		-
		(862,983)		(528,522)
Investing Activities				
Purchase of equipment		**(16,661)**		-
Purchase of intangible assets		**(98,083)**		-
		(114,744)		-
Financing Activities				
Proceeds from share issuances, net of costs		**1,108,059**		352,757
Proceeds from loans payable		**605,000**		147,500
Repayment of loans payable		**(721,195)**		-
		991,864		500,257
Net increase (decrease) in Cash		**14,137**		(28,265)
Cash position – beginning of year		**13,112**		41,377
Cash Position – End of Year	$	**27,249**	$	13,112
Other transactions				
Cash paid for interest	$	**90,718**	$	2,625

1) Nature of operations and going concern

NetCents Technology Inc. (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 880 – 505 Burrard Street (Bental 1), Vancouver, BC, V7X 1M4.

These financial statements (the "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 enough 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.

		31 October 2017	31 October 2016
Working capital (deficiency)	$	**(1,551,409)**	$ (1,354,427)
Accumulated (deficit)	$	**(8,778,822)**	$ (5,997,877)

As at 31 October 2017, the Company had a shortfall of cash to cover funds due to merchants. Subsequent to year-end the Company generated $2,100,000 from operating and financing activities and applied a portion of the proceeds towards the settlement of merchant obligations.

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 equity financing including private placement of common shares and the exercise of options and warrants, as well as debt financing including loans from directors and companies controlled by directors; however, 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 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 Financial Statements were authorised for issue by the Board of Directors on 28 February 2018 and have been prepared under the historical cost convention, except for certain financial instruments.

The preparation of the 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 10 February 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 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 13)	$	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) Basis of presentation

i) Subsidiaries

These Financial Statements incorporate the financial statements of the Company and the entity controlled by the Company, which consist of:

- NetCents International Ltd ("NetCents UK"), which was incorporated on 24 March 2017 in England and Wales, and is owned 100% by the Company.

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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

b) 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.

c) 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.

d) 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.

e) 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 2017, the Company capitalized $95,944 (31 October 2016: $95,944) 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.

f) Equipment

Equipment is stated at cost and depreciated using the straight-line method based on estimated useful lives, which generally range from 1 to 5 years. Land is not depreciated.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

The depreciation method, useful life and residual values are assessed annually.

Leased assets

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

g) 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.

h) 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.

i) Revenue recognition

Revenue is recognized at fair value of the consideration received or receivable less refunds.

Pursuant to the Company's processing agreements with its payment processing partners, the Company provides aggregated credit card and electronic funds transfer payment services to customers using the Company's own merchant account and through the Company's own proprietary sSoftware. The Company is directly involved in the provision of transferring funds, holds credit risk that the fees earned are not paid by its customers and has full latitude in setting prices. It is management's judgment that the first three features apply, and the fourth feature is not relevant as there is no inventory. It is therefore management's determination that the Company serves a role as a principal rather than an agent and the revenues are presented on a gross basis.

The contract revenue is recognized on a percentage of completion basis and when all of the following conditions are satisfied:

a) Total contract revenue can be measured reliably

b) It is probable that the economic benefits associated with the contract will flow to the entity;

c) Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably;

d) The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates ; and

e) Collectability is reasonably assured.

j) Foreign currency translation

The Financial Statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary. Transactions in currencies other than the functional currency are translated into Canadian dollars on the following basis:

- Monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date;
- Non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and,
- Revenues and expenses (excluding depreciation, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

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 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 2017.

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. IFRS 15 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 15. 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.

7) Financial instruments and risk management

a) 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 2017 and 31 October 2016. There have been no changes in levels during the period.

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.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted cash, digital assets, funds due from merchants, accounts payable and accrued liabilities, client deposits, loans payable, funds due to merchants, and derivative liabilities. As at 31 October 2017 and 31 October 2016, 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.

c) 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.

d) 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 amounts due from payment processors. At 31 October 2017, the Company has recorded an allowance of $379,406 due from a payment processor where collection is uncertain (Note 9). The Company's secondary 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.

e) 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.

f) 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. As at 31 October 2017, the Company held financial liabilities totalling $858,348 (31 October 2016 – $nil), as well as financial assets totalling $232,257 (31 October 2016 – nil). A 5% shift in exchange rates would results a foreign exchange gain or loss of approximately $30,000. Accordingly, the Company is moderately exposed to foreign currency risk.

g) 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 2017, the Company had a cash balance of $27,249 to settle current liabilities of $2,026,932 which are due within one year. Accordingly, the Company is exposed to significant liquidity risk (Note 1).

8) Assets held for clients

The Company has developed a proprietary cryptocurrency exchange ("NC Exchange") where users are able to buy and sell leading cryptocurrencies. The amounts collected and held in NC Exchange on behalf of users are not available for use by the Company; accordingly, these funds have been classified as assets held for clients. As at 31 October 2017, the Company held restricted cash of $180,787 and digital assets of $17,990 for a combined total of $198,777. The Company recognized a corresponding client deposit of $198,777.

9) Funds due from payment processors / to merchants

In providing merchant services, the Company temporarily holds funds for customers while the funds are in transit. As at 31 October 2017, the Company had funds due from processors in the amount of $583,014 to settle funds due to merchants in the amount of $835,251. Due to uncertainty of collecting funds owed from one payment processor, an allowance was recorded in the amount of $379,406 and charged to bad debt expense.

10) Equipment

		Software Development
COST		
Balance at 1 November 2015 and 31 October 2016	$	-
Additions		16,661
Balance at 31 October 2017	**$**	**16,661**
DEPRECIATION		
Balance at 1 November 2015 and 31 October 2016	$	-
Additions		1,666
Balance at 31 October 2017	**$**	**1,666**
CARRYING AMOUNTS		
At 31 October 2016	$	-
At 31 October 2017	**$**	**14,995**

11) Intangible assets

		Software Development
COST		
Balance at 1 November 2015	$	-
Additions		95,944
Balance at 31 October 2016	$	95,944
Additions		98,083
Balance at 31 October 2017	**$**	**194,027**
DEPRECIATION		
Balance at 1 November 2015 and 31 October 2016	$	-
Additions		64,676
Balance at 31 October 2017	**$**	**64,676**
CARRYING AMOUNTS		
At 31 October 2016	$	95,944
At 31 October 2017	**$**	**129,351**

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 2017, the Company capitalized $98,083 (31 October 2016: $95,944) of costs incurred in updating and enhancing the functionality of its payment processing software.

12) Loans payable

		31 October 2017		31 October 2016
Balance – Beginning of period	**$**	**288,486**	$	160,577
Proceeds from loans		**605,000**		147,500
Interest expense		**89,660**		11,324
Prepaid interest expense		**(667)**		(915)
Settlement of loans payable		**(878,436)**		(30,000)
Balance – End of period	**$**	**104,043**	$	288,486

Details of loans outstanding during the periods ended 31 October 2017 and 31 October 2016 are as follows:

On 12 June 2017, the Company entered into a convertible promissory note for proceeds of $205,000. The note was interest bearing at a rate of 0.16% per day for the first day, and 0.10% per day thereafter, due on 12 September 2017. The Lender may, at its sole discretion elect, to convert any part of the outstanding balance towards 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. As at 31 October 2017, the loan including interest was repaid in full.

On 3 February 2017, the Company issued a convertible promissory note for proceeds of $200,000. The note was 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. As at 31 October 2017, the loan and interest were fully repaid.

On 22 November 2016, the Company issued a convertible promissory note for proceeds of $200,000. The note was 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.

Pursuant to an agreement entered into on 12 October 2016, the Company was loaned $35,000. The term of the loan was for three months from the agreement date at which time the Company has the option to convert the loan into common shares. 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 with a fair value of $49,722 resulting in a loss on settlement of $11,474.

Pursuant to an agreement entered into on 31 August 2016, the Company was loaned $30,000 which bears interest at 15% with a term of six months. On 17 January 2017, the Company issued 190,476 common shares with a fair value of $39,048 for settlement of a loan payable with a principal totalling $30,000 resulting in a loss on settlement of $9,048. At 31 October 2017, the loan and interest were fully repaid.

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 was seven months with interest prepaid. On 15 March 2017 the Company repaid the loan.

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 was six months. At 31 October 2017 the loan and interest were fully repaid.

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 2017 the loan was unpaid and had outstanding interest in the amount of $5,581 (31 October 2016 - $1,259).

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. During the year ended 31 October 2017, the principal amount of $40,000 was paid and accrued interest of $6,215 remains outstanding.

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 2017, the outstanding loan balance was $52,000 and there was outstanding interest of $16,270 (31 October 2016: $16,270) (Note 14).

Other loans totalling $3,500 (31 October 2016: $13,500) are unsecured, non-interest bearing with no fixed terms of repayment (Note 14). Also included in the loan balance at 31 October 2017 is $477 (31 October 2016: $477) of accrued interest.

13) Share capital

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

As at 31 October 2017 there were 34,790,251 (31 October 2016: 28,763,061) common shares issued and fully paid common shares outstanding.

On 27 October 2017 the Company issued 892,766 units of the Company ("Units") to a private company to settle a liability of $267,830. The amount was originally due to the Company's CEO. During the year ended 31 October 2017, the CEO assigned this amount owing to a private company. Each Unit comprised of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.40 and expire on 17 October 2019. The fair value of the shares was determined to be $491,021 and the fair value of the warrants was estimated to be $286,000 based on a Black-Scholes calculation using a volatility of 143%, an expected life of 2 years, a risk free rate of 1.51% and a dividend yield of Nil%. The settlement resulted in a loss of $509,191.

In September 2017 the Company issued 150,000 common shares on the exercise of options at an exercise price of $0.20 per option for proceeds of $30,000. On issuance, $46,000 previously recorded in contributed surplus was reclassified to share capital.

In September 2017, the Company issued 748,068 common shares with a fair value of $381,515 for consulting services.

On 23 June 2017, the Company issued 100,000 common shares at a price of $0.20 per share for proceeds of $20,000 relating to share subscriptions received on 24 March 2017.

On 23 June 2017 the Company closed of a private placement and issued 3,304,640 units of the Company ("Units") at a price of $0.35 per Unit for gross proceeds of $1,156,624. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company at an exercise price of $0.50 and expire on 23 June 2019.

In connection with the private placement, the Company issued 232,348 broker's warrants. Each broker's warrant is exercisable into one common share of the Company at an exercise price of $0.35 and expire on 23 June 2019. The fair value of the broker's warrants was estimated to be $60,000 based on a Black-Scholes calculation using a volatility of 147%, an expected life of 2 years, a risk free rate of 0.90% and a dividend yield of Nil%.

On 6 February 2017, the Company issued 450,000 common shares with a fair value of $90,000 for settlement of $95,944 of debt for services provided for software development resulting in a gain on settlement of $5,944.

On 17 January 2017, the Company issued 190,476 common shares with a fair value of $39,048 for settlement of a loan payable with a principal and interest totalling $30,000 resulting in a loss on settlement of $9,048.

On 7 December 2016, the Company issued 191,240 common shares with a fair value of $49,722 for settlement of a loan payable with a principal and interest totalling $38,248 resulting in a loss on settlement of $11,474.

On 3 August 2016 the Company issued 100,000 units were issued 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 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.

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.

c) Warrants

As of 31 October 2017, there were 5,191,331 share purchase warrants outstanding as follows:

- 1,116,071 warrants which expire on 27 October 2022 and are exercisable at $0.70 per share.
- 232,348 warrants which expire on 23 June 2019 and are exercisable at $0.35 per share.
- 1,652,320 warrants which expire on 23 June 2019 and are exercisable at $0.35 per share.
- 1,200,200 warrants which originally expired on 6 July 2016 and are exercisable at $0.708 per share. The Company extended the expiration date of these warrants to 6 July 2018.
- 940,392 warrants which originally expired on 23 December 2016 and are exercisable at $0.708 per share. 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 2017		Weighted Average Exercise Price	31 October 2016		Weighted Average Exercise Price
Balance – Beginning of Year	**2,628,426**	**$**	**0.64**	1,638,034	$	0.61
Issued	**3,893,505**		**0.53**	990,392		0.69
Exercised	**(892,766)**		**0.40**	-		-
Expired	**(437,834)**		**0.35**	-		-
Balance – End of Year	**5,191,331**	**$**	**0.62**	2,628,426	$	0.64

d) Stock Options

On 31 August 2017 the Company granted incentive stock options to a consultant of the Company to purchase 150,000 common shares of the Company at an exercise price of $0.20 per share with an expiry date of 23 June 2020. The grant date fair value was estimated to be $46,000 based on a Black-Scholes calculation using a volatility of 143%, an expected life of 2.82 years, a risk free rate of 1.22% and a dividend yield of Nil%.

On 23 June 2017 the Company granted incentive stock options to certain directors and consultants of the Company to purchase an aggregate of 450,000 common shares of the Company at an exercise price of $0.35 per share with an expiry date of 23 June 2020. The grant date fair value was estimated to be $141,000 based on a Black-Scholes calculation using a volatility of 148%, an expected life of 3 years, a risk free rate of 0.96% and a dividend yield of Nil%.

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%.

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 2017		Weighted Average Exercise Price	31 October 2016		Weighted Average Exercise Price
Balance – Beginning of period	**2,590,000**	$	**0.25**	-	$	-
Granted	**600,000**		**0.31**	2,590,000		0.25
Exercised	**(150,000)**		**0.20**	-		-
Balance – End of period	**3,040,000**	$	**0.26**	2,590,000	$	0.25

As at 31 October 2017 and 31 October 2016 the Company had the following stock options outstanding:

Expiry date		Exercise Price	31 October 2017 Outstanding	31 October 2017 Exercisable	31 October 2016 Outstanding
7 April 2026	$	0.25	2,080,000	2,080,000	2,080,000
4 July 2021		0.25	30,000	30,000	30,000
13 July 2020		0.25	480,000	480,000	480,000
23 June 2020	$	0.35	450,000	450,000	-
			3,040,000	3,040,000	2,590,000

The weighted average grant date fair value of options granted during the year ended 31 October 2017 was $0.31 per option (year ended 31 October 2016: $0.24 per option).

14) Related party transactions

a) Related party transactions

Transactions with related parties for the years ended 31 October 2017 and 2016 are as follows:

KEY MANAGEMENT COMPENSATION

Principal Position	Fiscal Period[i]		Remuneration or Fees[ii]		Share based payments
Clayton Moore, CEO and director – consulting fees	**2017**	**$**	**190,000**	**$**	**39,167**
	2016	$	170,000	$	-
Gord Jessop, President and director – consulting fees	**2017**	**$**	**156,000**	**$**	39,167
	2016	$	145,000	$	-
Midland Management, a company controlled by the former CFO – consulting fees	**2017**	**$**	**-**	**$**	-
	2016	$	23,625	$	-
0743886 BC Ltd, a company controlled by a director of the Company	**2017**	**$**	**52,500**	**$**	-
	2016	$	-	$	-
Lucas Birdsall, director – consulting fees	**2017**	**$**	**25,000**	**$**	**46,000**
	2016	$	-	$	-

(i) For the years ended 31 October 2017 and 2016.
(ii) Remuneration or fees were paid or accrued to the related party.

b) Related party balances

Included in due to related parties as at 31 October 2017 is $2,111 (31 October 2016: $269,830) to a director and the CEO of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended 31 October 2017, the CEO assigned $267,830 to a private company and this liability was settled by the issuance of units (Note 13).

Included in due to related parties as at 31 October 2017 is $296,650 (31 October 2016: $213,769) to a director and the President of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Included in due to related parties as at 31 October 2017 is $7,000 (31 October 2016: $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.

Included in loans payable as at 31 October 2017 is $54,500 (31 October 2016: $72,500) plus accrued interest of $16,270 (31 October 2016: $16,270) owing to the President of the Company. The loan is not secured. $52,000 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.

15) Commitments

a) Commitments with related parties

Pursuant to an employment agreement effective 1 January 2014, the Company will remunerate the president of the Company $13,000 per month. 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 $15,000 per month. 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.

b) Other commitments

On 1 March 2017, the Company entered into a premises lease agreement for a period of five years, expiring on 1 June 2022. Minimum annual lease payments for the term of the lease is as follows:

LEASE PERIOD		Amount
1 November 2017 to 1 June 2018	$	29,070
1 June 2018 to 1 June 2019		52,052
1 June 2019 to 1 June 2020		54,054
1 June 2020 to 1 June 2021		56,056
1 June 2021 to 1 June 2022		58,058
	$	249,290

16) 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 current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt 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.

17) 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 2017 and 2016:

		31 October 2017		31 October 2016
Loss before income taxes	$	(2,780,945)	$	(1,908,741)
Canadian statutory tax rates		26%		26%
Expected income tax (recovery)	$	(723,046)	$	(496,273)
Temporary differences		(25,627)		(843)
Non-deductible items		118,013		254,418
Differences between prior year provision and final tax return		101,747		-
Change in deferred tax asset not recognized		528,913		242,698
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 2017 and 2016 are comprised of the following:

		31 October 2017		31 October 2016
Deferred tax assets - Canada				
Non-capital loss carryforwards	$	1,757,802	$	1,331,074
Capital loss carryforwards		68,090		-
Equipment		433		-
Intangible assets		16,816		
Derivative liability		-		2,980
Share issuance costs		20,502		674
		1,863,643		1,334,728
Deferred tax asset not recognized		(1,863,643)		(1,334,728)
Net deferred tax asset	$	-	$	-

The Company has non-capital loss carry forwards of approximately $6,760,777 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 years 2027 – 2037.

18) Comparative figures

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

19) Subsequent events

Subsequent to the year ended 31 October 2017, the Company issued 4,241,897 common shares of the Company in connection with the exercise of 749,940 options and 3,491,957 warrants.

On 19 December 2017, the Company closed a private placement for an aggregate of 1,116,071 units of the Company ("Units") for gross proceeds of $500,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.70.

On 30 November 2017 and 7 December 2017, the Company issued 180,000 and 1,003,470 common shares of the Company, respectively, as consideration for services.

On 17 November 2017, the Company granted 1,090,000 stock options to officers and consultants. Each option entitles the holder to purchase one common share at an exercise price of $0.82 per share until 21 November 2021.

On 19 December 2017, the Company granted 750,000 stock options to directors. Each option entitles the holder to purchase one common share of the Company at an exercise price of $3.20 per share until 19 December 2021.

On 8 January 2018, the Company granted 500,000 stock options to the CFO as a signing bonus. Each option entitles the holder to purchase one common of the Company at $2.87 per share at any time on or before 19 December 2021.

On 13 February 2018, the Company granted 60,000 stock options to employees. Each option entitles the holder to purchase one common share at $1.95 per share at any time on or before 13 February 2022.