NetCents Technology Inc.

Consolidated Financial Statements

For the Year Ended 31 October 2019

Stated in Canadian Funds

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 judgements 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 judgement 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 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 10 June 2020 and were signed on its behalf by:

"Clayton Moore"
Clayton Moore, CEO

"Christopher Cherry"
Christopher Cherry, CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
NetCents Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of NetCents Technology Inc. (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as of October 31, 2019, the Company's current liabilities exceeded its current assets by $5,839,684 and the Company's total deficit was $28,637,918. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of NetCents Technology Inc. for the year ended October 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2019.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

June 10, 2020

NETCENTS TECHNOLOGY INC.

Canadian Funds

Statement 1

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 October 2019	31 October 2018
ASSETS			
Current Assets			
Cash		**$ 205,088**	$ 1,081,293
Digital currencies	(7)	**100,221**	146,255
Restricted cash and funds due from processors	(8)	**2,362**	2,362
Assets held for clients	(9)	**-**	1,808,393
Prepaid amounts and deposits		**109,458**	145,375
Due from related parties	(16)	**100,008**	78,125
		517,137	3,261,803
Non-current Assets			
Proceeds of coin sale	(10)	**3,341,041**	3,341,041
Equipment	(11)	**219,532**	317,268
Intangible assets	(12)	**-**	65,132
		$ 4,077,710	$ 6,985,244
LIABILITIES			
Current Liabilities			
Accounts payable	(16)	**$ 1,141,537**	$ 1,079,158
Accrued liabilities		**180,752**	41,413
Client deposits	(9)	**1,255,593**	1,808,393
Funds due to merchants	(8)	**292,499**	429,497
Loans payable	(13)	**31,281**	98,181
Convertible loans	(14)	**-**	449,479
Deferred revenue		**-**	31,183
Due to related parties	(16)	**114,118**	-
Provision for coin sale	(10)	**3,341,041**	3,341,041
		6,356,821	7,278,345
SHAREHOLDERS' DEFICIENCY			
Share capital	(15)	**20,932,448**	15,550,130
Contributed surplus – options	(15)	**5,772,866**	5,021,479
Contributed surplus – warrants	(15)	**1,458,852**	1,107,506
Subscriptions receivable	(15)	**(1,805,359)**	-
Deficit		**(28,637,918)**	(21,972,216)
		(2,279,111)	(293,101)
		$ 4,077,710	$ 6,985,244

Nature of operations and going concern	(1)	Commitments	(17)
Basis of preparation – statement of compliance	(2)	Subsequent events	(21)

The consolidated financial statements were approved by the Board of Directors on June 10, 2020 and were signed on its behalf by:

"Christopher Cherry" *"Clayton Moore"*

Christopher Cherry, Director *Clayton Moore, Director*

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

NETCENTS TECHNOLOGY INC.

Canadian Funds

Statement 2

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	Year ended 31 October 2019	Year ended 31 October 2018
CONTINUING OPERATIONS			
Income			
Processing revenue		$ 89,082	$ 120,578
Cost of sales		(30,309)	(10,122)
Gross profit		58,773	110,456
Operating Expenses			
Amortization of intangible assets	(12)	65,132	64,219
Amortization of equipment	(11)	97,736	61,089
Consulting fees	(16)	514,706	384,174
Exchange losses		77,801	104,240
Marketing and investor relations		748,388	959,785
Office		393,716	273,296
Professional fees		241,789	519,399
Rent		466,877	412,874
Salaries and wages	(16)	1,258,611	1,069,457
Share based payments	(16)(15)	1,416,939	6,232,577
Transaction expense	(10)	-	135,434
Transfer agent and filing fees		61,086	31,688
Travel		291,871	428,215
		5,634,652	10,676,447
		(5,575,879)	(10,565,991)
Other Income (Loss)			
Loss on settlement of debt		(76,105)	(1,465,990)
Shares issued in error	(15)	-	(907,151)
Gain on sale of equipment		-	6,166
Gain on repayment of convertible loan		-	9,298
Interest and accretion expense		(47,623)	(104,035)
Write down of NCCO Coins	(7)(9)	(966,095)	
Write down of amount due from NCCO Foundation	(10)	-	(165,691)
		(1,089,823)	(2,627,403)
Net Loss and Comprehensive Loss for the Year		$ (6,665,702)	$ (13,193,394)
Basic and Diluted Loss per Common Share		$ (0.14)	$ (0.32)
Weighted Average Number of Shares Outstanding			
Basic and Diluted		48,346,800	41,436,093

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

NETCENTS TECHNOLOGY INC.

Canadian Funds

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

	# of Shares	Share Capital	Equity portion of convertible loans	Contributed surplus - options	Contributed surplus - warrants	Subscriptions receivable	Deficit	Equity
Balance 31 October 2017	34,790,251	$ 6,269,920	$ -	$ 755,839	$ 346,000	$ -	$ (8,778,822)	(1,407,063)
Shares issued for services	614,084	1,667,535	-	-	-	-	-	1,667,535
Shares issued for debt settlement	355,000	955,600	-	-	-	-	-	955,600
Shares issued in error	198,068	907,151	-	-	-	-	-	907,151
Shares issued for exercise of options	894,940	438,817	-	(212,582)	-	-	-	226,235
Shares issued for exercise of warrants	4,611,137	2,871,775	-	-	-	-	-	2,871,775
Units issued for cash	3,277,071	2,661,000	-	-	-	-	-	2,661,000
Equity component of convertible debt	-	-	25,547	-	-	-	-	25,547
Share issuance costs	-	(221,668)	-	-	-	-	-	(221,668)
Repayment of convertible debt	-	-	(25,547)	-	-	-	-	(25,547)
Warrants issued for debt settlement	-	-	-	-	674,685	-	-	674,685
Share based payments	-	-	-	4,478,222	86,821	-	-	4,565,043
Net loss for the year	-	-	-	-	-	-	(13,193,394)	(13,193,394)
Balance 31 October 2018	44,740,551	$ 15,550,130	$ -	$ 5,021,479	$ 1,107,506	$ -	$ (21,972,216)	$ (293,101)
Shares issued for services	514,422	444,006	-	-	-	-	-	444,006
Shares issued for debt settlement	1,394,118	784,064	-	-	-	-	-	784,064
Shares issued for exercise of options	925,000	461,296	-	(221,546)	-	-	-	239,750
Shares issued for exercise of warrants	628,571	254,286	-	-	-	-	-	254,286
Units issued for cash	5,448,217	2,971,013	-	-	351,346	(1,805,359)	-	1,517,000
Shares issued for exercise of convertible debt	456,623	493,153	-	-	-	-	-	493,153
Share issuance costs	-	(25,500)	-	-	-	-	-	(25,500)
Share based payments	-	-	-	972,933	-	-	-	972,933
Net loss for the year	-	-	-	-	-	-	(6,665,702)	(6,665,702)
Balance 31 October 2019	54,107,502	$ 20,932,448	$ -	$ 5,772,866	$ 1,458,852	$ (1,805,359)	$ (28,637,918)	$ (2,279,111)

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 2019	Year Ended 31 October 2018
OPERATING ACTIVITIES			
Net Loss for the Year		**$ (6,665,702)**	$ (13,193,394)
Items not Affecting Cash			
Share based payments		**1,416,939**	6,232,577
Loss on settlement of debt		**76,105**	1,465,990
Shares issued in error		**-**	907,151
Amortization of intangible assets		**65,132**	64,219
Amortization of tangible assets		**97,736**	61,089
Accretion and other non-cash interest		**47,624**	104,035
Gain on repayment of convertible loan		**-**	(9,298)
Write down of NCCO Coins		**856,288**	-
Foreign exchange		**659**	-
		(4,105,219)	(4,367,631)
Change in Non-cash Working Capital Items			
Prepaid amounts and deposits		**35,917**	(99,486)
Accounts payable and accrued liabilities		**838,827**	465,254
Funds due to merchants		**(137,657)**	(204,508)
Deferred revenue		**(31,183)**	(38,065)
Due to related parties		**92,235**	-
Digital currencies		**445,339**	(146,255)
		(2,861,741)	(4,390,691)
INVESTING ACTIVITIES			
Purchase of equipment		**-**	(363,362)
		-	(363,362)
FINANCING ACTIVITIES			
Proceeds from unit issuances, net of costs		**1,491,500**	2,439,332
Proceeds from exercise of options		**239,750**	226,235
Proceeds from exercise of warrants		**254,286**	2,871,775
Advances to related parties		**-**	(78,125)
Repayment of loans payable		**-**	(1,040,085)
Proceeds from convertible loans		**-**	1,388,965
		1,985,536	5,808,097
Change in Cash		**(876,205)**	1,054,044
Cash position – beginning of Year		**1,081,293**	27,249
Cash – End of Year		**$ 205,088**	1,081,293
Supplemental Cash Flow Information	(20)		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

NetCents Technology Inc. (the "Company") is engaged in software development for the payment processing industry. The Company's stock symbol is NC. The head office and the registered and records office of the Company are located at 1000 – 1021 West Hastings Street (MNP Tower), Vancouver, BC, V3C 1E3.

These consolidated 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 income 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 2019	31 October 2018
Working capital surplus (deficiency)	**$ (5,839,684)**	$ (4,016,542)
Accumulated deficit	**$ (28,637,918)**	$ (21,972,216)

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 placements 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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 authorized for issue by the Board on 10 June 2020 and have been prepared under the historical cost convention, except for certain financial instruments.

2) Basis of preparation – statement of compliance (continued)

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 judgements 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) Summary of significant accounting policies

a) Subsidiaries

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

- Netcents Systems Ltd., which was incorporated on January 11, 2006 in the province of Alberta, and is 100% owned by the Company; and
- NetCents International Ltd, 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 has adopted IFRS 9 effective for the annual period beginning November 1, 2019.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the Company’s business model for managing the financial assets and terms of the related cashflow. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. The Company’s cash is classified as FVTPL.

3) Summary of significant accounting policies (continued)

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The amounts due from related parties are financial assets classified at amortized cost.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

Amortized cost – The Company's accounts payables and accrued liabilities, certain client deposits and funds due to merchants and loans payable are recognized at amortized cost.

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.

d) Income taxes

<u>Current Income Tax</u>

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.

3) Summary of significant accounting policies (continued)

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 Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company 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 Company 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.

f) Equipment

Equipment is stated at cost and amortized using the straight-line method based on estimated useful lives, which generally range from 1 to 5 years.

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 amortization 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 amortization 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.

3) Summary of significant accounting policies (continued)

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) Reserves

Equity reserves presented as contributed surplus include amounts related to share-based payments.

i) Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated between to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

j) Digital currencies

Digital currencies consist of cryptocurrency denominated assets and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through the consolidated statement of loss and comprehensive loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the US dollar. The Company values its cryptocurrencies based on the price quoted on https://cryptocoincharts.info.

The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, *Inventories*, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price of broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognized in profit or loss.

k) 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.

3) Summary of significant accounting policies (continued)

l) Revenue recognition

The Company has adopted IFRS 15 in the current year. Revenue is recognized at the fair value of the consideration received or receivable less refunds as the applicable service is provided. Revenue consists of fees earned in consideration for providing payment processing services and related activities. Where fees are charged for payment processing but the Company has not finalized the payment to the merchant, fees received are included in deferred revenue.

m) Foreign currency translation

The Financial Statements are presented ln Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary, Netcents Systems Ltd. Netcents Technology Ltd. has a functional currency of British Pound. 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 amortization, 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.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies, 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.

Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company’s profit or loss and financial position as currently presented.

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 judgements 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

<u>Digital assets - accounting</u>

There is limited guidance on the recognition and measurement of digital assets. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or

4) Critical accounting judgements and key sources of estimation uncertainty (continued)

a) Key sources of estimation uncertainty (continued)

broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognized in profit or loss.

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 3 of the annual audited Financial Statements. 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.

Digital currency valuation

Digital currency denominated assets (Note 7) are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the daily average from https://cryptocoincharts.info. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies may have a significant impact on the Company's earnings and financial position.

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 2019.

Proceeds received on sales of NCCO

The Company originally determined that it has a constructive obligation to the purchasers of NCCO coins to set-up and advance all funds received to an independent not-for-profit foundation (the "NCCO Foundation"). During fiscal 2018, the funds were transferred to a trust account pending the outcome of an investigation by the British Columbia Securities Commission. The provision remained pending the outcome of the investigation. See Note 10.

4) Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Key sources of judgement uncertainty (continued)

Presentation of assets held for clients

Funds held include fiat (legal tender whose valued is backed by the government that issued it) and cryptocurrency funds. The Company has determined that these are assets of the Company with a corresponding liability due to its customers on the basis that:

- The Company has responsibility for stewardship of the client's deposits related to loss or theft of cryptocurrency assets, external cryptocurrency exchanges filing for bankruptcy or banks where fiat funds are held filing for bankruptcy;
- The funds are co-mingled with the Company's operating fiat and cryptocurrency holdings; and
- The funds are not "ring-fenced" and may be required to fund general claims in respect to an insolvency or bankruptcy of the Company.

5) 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.

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. The Company estimates at November 1, 2019, it will record a right -of-use asset of approximately $1,920,000 and a corresponding lease liability of approximately $1,920,000.

6) 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 2019 and 2018. 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.

6) Financial instruments and risk management (continued)

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted cash and funds due from processors, cash included in assets held for clients, due to related parties, accounts payable and accrued liabilities, client deposits, loans payable and funds due to merchants. As at 31 October 2019 and 2018, the carrying value of cash and certain assets held for clients and client deposits are at fair value. The remaining financial instruments 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 a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Company's cash, digital currencies, due from related parties and proceeds of coin sale are exposed to credit risk. The Company limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto-exchanges engage in the practice of commingling their clients' assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by exchanges. As at October 31, 2019, the Company held approximately $205,088 (2018 - $1,081,293) in cash and $100,221 (2018 - $146,255) in digital assets at exchanges that do not have system or organization control reporting available. As of each reporting period, the Company assesses if there may be expected credit losses requiring recognition of a loss allowance. As of October 31, 2019, the Company recorded an allowance of $NIL (2018 - $Nil). While the Company intends to only transact with counterparties or exchanges that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Company will not sustain a material loss on a transaction as a result.

6) Financial instruments and risk management (continued)

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 2019, the Company held financial liabilities denominated in foreign currencies totalling $453,000 (31 October 2018 - $144,155), as well as financial assets denominated in foreign currencies totalling $175,000 (31 October 2018 - $287,498). A 5% shift in exchange rates would result in a foreign exchange gain or loss of approximately $7,000. 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. The Company manages liquidity risk by restricting cash reserves to offset client deposits and funds due to merchants. As at 31 October 2019, the Company had an unrestricted cash balance of $205,088 to settle current liabilities, other than provision for coin sale for which cash reserves have been restricted, totalling $3,015,780 which are due within one year. Accordingly, the Company is significantly exposed to liquidity risk.

h) Digital asset risk

Digital assets are measured at fair value less cost to sell. Digital currency or cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts.

The Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Prices of cryptocurrencies are volatile and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency.

6) Financial instruments and risk management (continued)

This process is vulnerable to hacking and malware, and could lead to theft of the Company's digital wallets and the loss of the Company's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company uses are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets.

Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or digital assets being held on the exchange. Further, the Company may be unable to recover digital assets awaiting transmission into or out of the Company, all of which could adversely affect an investment of the Company.

i) Loss of access risk

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

j) Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

k) Hard fork and air drop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free.

The Company may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or airdrops. Therefore, the Company may not receive any new cryptocurrencies created as a result of a hard fork or airdrop, thus losing any potential value from such cryptocurrencies.

l) Regulatory oversight risk

Regulatory changes or actions may restrict the use of cryptocurrencies or the operation of cryptocurrency networks or exchanges in a manner that adversely affects investments held by the Company.

7) Digital currencies

Digital currencies are recorded at their fair value on the date they are received, and are revalued to their current market value at each reporting date. Fair value, with the exception of NCCO, is determined by the spot closing rate of the currency from https://cryptocoincharts.info.

	31 October 2019	31 October 2018
Bitcoin	**$ 48,988**	$ 47,437
Bitcoin Cash	**9,362**	3,270
Ethereum	**14,691**	17,877
Litecoin	**23,278**	8,715
NCCO	**-**	68,956
Verge	**3,902**	-
	$ 100,221	$ 146,255

Due to the uncertainty, the value of the NCCO coins was reduced to nil as at 31 October 2019 resulting in a write down of $109,806.

8) 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 2019, the Company had funds due from processors in the amount of $2,362 (31 October 2018 - $2,362) to settle funds due to merchants in the amount of $292,499 (31 October 2018 - $429,497).

9) Assets held for clients and client deposits

Users transfer fiat and cryptocurrency funds into their NC client wallets enabling them to purchase and sell cryptocurrencies. As at 31 October 2019, the Company held cash and digital assets totalling $nil (2018 - $1,808,393) in the NC client wallets. Due to the uncertainty in value, the Company has written down the NCCO Coins to nil as at October 31, 2019 resulting in a write down of $856,289.

Client deposits are comprised of the following:

	31 October 2019	31 October 2018
Cash	**$ 231,425**	$ 156,070
NCCO coin	**856,289**	1,548,420
Digital currencies	**167,879**	103,903
Client deposits	**$ 1,255,593**	$ 1,808,393

All assets held for clients and the corresponding liability are carried at their fair value with the exception of the NCCO coin.

This fair value measurement is considered a level 1 fair value measurement on the basis that these digital currencies are traded on an active market. However, to date prices have been extremely volatile.

The fair value of the NCCO coin is considered a level 3 fair value measurement on the basis that to date the volume of trades of NCCO coin on the NetCents Exchange has been minimal. The fair value of the provision relating to the NCCO coin was determined based on the most recent market based trade prior to the reporting period end date. Future prices of the NCCO coin may significantly vary.

10) Proceeds from the sale of coin

As at 31 October 2019, the Company has $3,341,041 (31 October 2018 - $3,341,041) held in trust in connection with the sale of NCCO treasury coin ("NCCO coin").

The Company originally recorded the proceeds from the sale of the coin as a liability being the amount required to fulfil a constructive obligation to the coin holders to set up the NCCO Foundation and transfer all proceeds from the sale of the treasury coins to the NCCO Foundation whereby the NCCO foundation will use the funds to back the value of the NCCO coin for the benefit of the coin holders.

During the year ended October 31 2018, the Company transferred all proceeds from the coin sale from the Company bank account to a trust account managed by the Company's legal counsel.

As at October 31, 2019, the funds are being held in trust subject to an investigation by the British Columbia Securities Commission ("BCSC"). The outcome of this investigation is unknown and the funds are to remain in trust until the investigation by the BCSC is complete.

During the year ended October 31, 2018, the Company incurred expenses of $135,434 on the transfer of funds into the wallets and the related exchange differences were expensed by the Company. The Company also incurred expenses of $165,691 in connection with the set-up of the NCCO coin which the Company is entitled to be reimbursed by the NCCO Foundation. However, because there is uncertainty as to the collectability of this balance, the Company wrote down the receivable of $165,691 for the year ended October 31, 2018.

11) Equipment

		Equipment
COST		
Balance at 31 October 2017	$	16,661
Additions		383,446
Disposal		(23,874)
Balance at 31 October 2018 and 2019	**$**	**376,233**
AMORTIZATION		
Balance at 31 October 2017	$	**1,666**
Additions		61,089
Disposal		(3,790)
Balance at 31 October 2018		58,965
Additions		97,736
Balance at 31 October 2019	**$**	**156,701**
CARRYING AMOUNTS		
At 31 October 2018	$	317,268
At 31 October 2019	**$**	**219,532**

12) Intangible assets

		Software Development
COST		
Balance at 31 October 2017	$	194,027
Additions		-
Balance at 31 October 2018 and 2019	**$**	**194,027**
AMORTIZATION		
Balance at 31 October 2017	$	64,676
Additions		64,219
Balance at 31 October 2018		128,895
Additions		65,132
Balance at 31 October 2019	**$**	**194,027**
CARRYING AMOUNTS		
At 31 October 2018	$	65,132
At 31 October 2019	**$**	**-**

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company 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 Company 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.

13) Loans payable

		31 October 2019		31 October 2018
Balance – Beginning of year	**$**	**98,181**	$	104,043
Interest expense		**3,950**		353
Settlement of loans payable		**(70,850)**		(6,215)
Balance – End of year	**$**	**31,281**	$	98,181

Details of loans outstanding during the years ended 31 October 2019 and 31 October 2018 are as follows:

13) Loans payable (continued)

Pursuant to an agreement entered into on 2 October 2015, the Company was advanced $40,000. The loan was 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 remained outstanding. On 29 November 2017, the Company entered into a debt settlement agreement with a lender to settle loan payable in the amount of $6,215 by issuing 100,000 common shares of the Company. On the date of issuance, the shares had a fair value of $409,000; accordingly, the Company recognized a loss on settlement of debt in the amount of $402,785 during the year ended October 31, 2018.

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. At 31 October 31 2019, the balance payable including interest is $30,281 (2018: $26,331).

Pursuant to an agreement entered into on 14 November 2011, the Company was loaned $60,000 from the Company's president and director. 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. During the year ended 31 October 2019, the outstanding loan balance of $52,000 (2018: $52,000) and interest of $16,270 (2018: $16,270), bonus payable of $69,400 and accrued liabilities of $41,250 was settled through issuance of 461,538 common shares with a fair value of $276,923 resulting in a loss on settlement of debt of $96,923.

Other loans totalling $1,000 (2018: $3,500) are unsecured, non-interest bearing with no fixed terms of repayment.

14) Convertible loans

	31 October 2019	31 October 2018
Balance – Beginning of year	**$ 449,479**	$ -
Proceeds from issuance of convertible loans	**-**	1,388,965
Allocated to equity	**-**	(25,547)
Interest and accretion	**63,347**	104,035
Settlement of loans payable	**(512,826)**	(1,017,974)
Balance – End of year	**$ -**	$ 449,479

On 30 April 2018, the Company entered into a convertible loan agreement with a director of the Company for net proceeds of $969,985. The loan is interest bearing of 8% per annum, calculated daily and compounded monthly. At any time prior to 30 October 2018, the holder may elect to convert all but not less than all, of principal amount into common share at a conversion price of $2.71. As additional consideration for the loan, the Company will issue the holder on the closing date 369,000 common share purchase warrants entitling the holder to subscribe for and purchase up to 369,000 common shares at an exercise price of $2.71 per warrant. The warrants shall be exercisable for a period of 4 years following the closing date. The Company record the initial fair value of the convertible loan at $898,738, using a discount rate of 20%, which is management estimate of the prevailing market rate for a company of similar size and operations. The convertible feature of the conversion rights and warrants was recorded as equity, at an amount of $25,547 on initial recognition. The convertible loan was fully repaid during the year ending 31 October 2018 resulting in a gain of $9,298.

14) Convertible loan (continued)

On 4 September 2018, the Company entered in six convertible loan agreements for net proceeds of $418,980. The face value of the convertible loans including interest is $520,796. The loans are interest bearing of 10% per annum, calculated daily and compounded monthly. At any time prior to 4 March 2019, the holder may elect to convert all but not less than all, of principal amount into common shares of the Company at a conversion price of $1.08 unit. Each unit will consist of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase a further common share of the Company at $1.08 for a period expiring on 27 August 2020. The Company determined that the proceeds received approximated the fair value of the liability component and therefore no value was allocated to the equity component.

On 11 April 2019, the holders of the convertible loan exercised their option to convert the principal amount of the convertible loan outstanding into 456,623 units of the Company valued at $493,153.

15) Share capital

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

As at 31 October 2019, there were 54,107,502 (31 October 2018: 44,740,551) common shares issued of which 151,896 are held in treasury under an escrow agreement with the remaining 53,955,606 outstanding.

During the year ended 31 October 2019, the Company issued 925,000 common shares for proceeds of $239,750 on the exercises of stock options. On the issuance of the shares, the $221,546 previously recorded in contributed surplus was reclassified to share capital.

During the year ended 31 October 2019, the Company issued 628,571 common shares for proceeds of $254,286 on the exercises of warrants.

On September 24, 2019, the Company issued 500,000 units for gross proceeds of $225,000. 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 $0.55 for a period of five years from the date of issuance. The residual value assigned to the warrants is $nil.

On September 13, 2019, the Company issued 461,538 common shares of the Company with a fair value of $276,923 for settlement of debt with a director of the Company (Note 13).

On 4 July 2019, the Company issued 646,552 common shares of the Company with a fair value of $375,000 for settlement of debt with a director of the Company.

On 22 July 2019, the Company completed a non-brokered private placement issuing 4,163,099 units of the Company for gross proceeds of $2,497,859 on which $1,805,359 has not been received and is recorded as subscriptions receivable as at October 31, 2019. 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 for a period of three years from the date of issuance. The residual value assigned to the warrants is $351,346.

On 2 July 2019, the Company issued 35,000 common shares of the Company with a fair value of $20,650 for settlement of debt.

On 6 June 2019, the Company issued 142,994 common shares of the Company with a fair value of $81,507 for services.

15) Share capital (continued)

On 29 May 2019, the Company received gross proceeds of $150,000 in relation to a non-brokered private placement resulting in an obligation to issue 250,000 units. The Company issued 250,000 units of the Company on September 5, 2019. 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 $0.90 for a period of three years from the date of issuance. The residual value assigned to the warrants is $nil.

On 1 May 2019, the Company issued 29,532 common shares of the Company with a fair value of $26,579 for settlement of debt.

On 1 May 2019, the Company issued 100,000 common shares of the Company with a fair value of $90,000 for services.

On 11 April 2019, the Company issued 456,623 units of the Company for exercise of the convertible loan into common shares of the Company (Note 14). 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 $1.08 which expires on 12 October 2020. The residual value assigned to the warrants is $nil.

On 3 April 2019, the Company completed a non-brokered private placement issuing 535,118 units of the Company for gross proceeds of $449,500. 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 $1.20 for a period of two years from the date of issuance. The residual value assigned to the warrants is $nil.

On 5 March 2019, the Company issued 69,600 common shares of the Company with a fair value of $84,912 for settlement of debt.

On 21 February 2019, the Company entered into a settlement and tolling agreement and release with Nootropics Depot, LLC ("Nootropics") and Ceretropic, LLC ("Ceretropic"). Pursuant to the settlement and tolling agreement and release, the Company issued 151,896 common shares subject to escrow restrictions. Pursuant to the escrow agreement, the common shares will be released in full in the event the Company fails to pay Nootropics and Ceretropic the combined settlement amount of US$168,000 ("Settlement Amount") of which US$35,272 is payable on or before 7 March 2019 and US$13,272 is payable on or before the first calendar day of each calendar month commencing on 1 April 2019 until the Settlement Amount is fully repaid. As at 31 October 2019, the 151,896 common shares were in escrow and are recorded as common shares held in treasury. Subsequent to 31 October 2019, these common shares were released from escrow and remained treasury shares held by the Company.

On 26 February 2019, the Company issued 100,000 common shares with a fair value of $110,000 for services.

On 31 January 2019, the Company issued 100,000 common shares of the Company with a fair value of $90,000 for services.

On 11 January 2019, the Company issued 35,714 common shares of the Company with a fair value of $29,643 for services.

On 9 November 2018, the Company issued 35,714 common shares of the Company with a fair value of $42,856 for services.

15) Share capital (continued)

During the year ended 31 October 2018, the Company issued 894,940 common shares for proceeds of $226,235 on the exercises of stock options. On the issuance of the shares, the $212,582 previously recorded in contributed surplus was reclassified to share capital.

During the year ended 31 October 2018, the Company issued 4,611,137 common shares for proceeds of $2,871,775 on the exercises of warrants.

On 31 October 2018, the Company issued 14,084 common shares of the Company with a fair value of $22,535 for services recorded in stock based compensation.

On 31 October 2018, the Company issued 75,000 common shares of the Company with a fair value of $84,000 for settlement of $94,920 of debt resulting in a gain of $10,920.

On 16 October 2018, the Company issued 150,000 common shares of the Company with a fair value of $174,000 for services recorded in stock based compensation.

On 25 September 2018, the Company closed a non-brokered private placement issuing 2,161,000 units of the Company for gross proceeds of $2,161,000 incurring share issuance costs of $221,668. 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 $1.25 for a period of two years from the date of issuance.

On 18 April 2018, the Company issued 250,000 common shares of the Company with a fair value of $555,000 to a director of the Company for consulting services.

On 19 December 2017, the Company closed a non-brokered 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 for a period of two years from the date of issuance. The Company incurred share issuance costs of $4,281 in connection with this financing.

On 7 December 2017, the Company issued 198,068 common shares of the Company with a fair value of $907,151 to a third party in error. The Company is in the process of requiring the third party to return these shares for cancellation.

On 7 December 2017, the Company issued 100,000 common shares of the Company with a fair value of $409,000 for settlement of $6,215 of debt resulting in a loss of $402,785.

On 7 December 2017, the Company issued 200,000 common shares of the Company with a fair value of $916,000 for services recorded in stock based compensation.

On 30 November 2017 the Company entered into a settlement agreement and release with a private company whereby the Company issued 180,000 common shares of the Company and 300,000 warrants in exchange for cash proceeds of $63,160. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.80 for a period of 24 months from the date of issuance. The fair value of the shares was determined to be $462,600 and the fair value of the warrants was estimated to be $674,685 based on a Black Scholes calculation using a volatility of 120%, an expected life of 2 years, a risk-free rate of 1.70% and a dividend yield of Nil%. This settlement resulted in a net loss of $1,074,125

15) Share capital (continued)

c) Warrants

As of 31 October 2019, there were 9,100,911 share purchase warrants outstanding as follows:

- 666,071 warrants which expire on 24 October 2022 and are exercisable at $0.70 per share.
- 369,000 warrants which expire on 30 April 2022 and are exercisable at $2.71 per share.
- 2,161,000 warrants which expire on 25 September 2022 and are exercisable at $1.25 per share.
- 456,623 warrants which expire on 12 October 2020 and are exercisable at $1.08 per share.
- 535,118 warrants which expire on 3 April 2021 and are exercisable at $1.20 per share.
- 4,163,099 warrants which expire on 21 July 2022 and are exercisable at $0.70 per share.
- 250,000 warrants which expire on 4 September 2022 and are exercisable at $0.90 per share.
- 500,000 warrants which expire on 24 September 2024 and exercisable at $0.55 per share.

WARRANT ACTIVITY	31 October 2019	Weighted Average Exercise Price	31 October 2018	Weighted Average Exercise Price
Balance – Beginning of year	**4,252,960**	**$ 1.11**	**6,084,097**	$ 0.54
Issued	**5,904,840**	**0.77**	**2,965,552**	1.39
Exercised	**(628,571)**	**0.40**	**(4,611,137)**	0.57
Expired	**(428,318)**	**0.72**	**(185,552)**	0.61
Balance – End of year	**9,100,911**	**$ 0.97**	**4,252,960**	$ 1.11

During the year ended 31 October 2019, the Company recorded $nil (2018 -$86,821) as stock based compensation for warrants issued for services.

d) Stock Options

On 24 June 2019, the Company granted incentive stock options to employees of the Company to purchase 100,000 common shares of the Company vesting every quarter start the six-month anniversary of employment at an exercise price of $0.56 per share with an expiry date of 24 June 2022. The grant date fair value was estimated to be $56,895 on a Black-Scholes calculation using a volatility of 187.2%, an expected life of 3 years, a risk-free rate of 1.37% and dividend yield of Nil%. The Company recognized stock-based compensation expense of $18,348 for the year ended 31 October 2019.

On 30 May 2019, the Company granted incentive stock options to an officer of the Company to purchase 200,000 common shares of the Company vesting immediately at an exercise price of $0.58 per share with an expiry date of 9 January 2022. The grant date fair value was estimated to be $98,003 on a Black-Scholes calculation using a volatility of 174.4%, an expected life of 2.62 years, a risk-free rate of 1.56% and dividend yield of Nil%.

On 29 May 2019, the Company granted incentive stock options to employees of the Company to purchase 155,000 common shares of the Company vesting every quarter starting on the six-month anniversary of employment at an exercise price of $0.61 per share with an expiry date of 29 May 2022. 40,000 of these stock options were cancelled as a result of termination. The grant date fair value was estimated to be $59,677 on a Black-Scholes calculation using a volatility of 187.2%, an expected life of 3 years, a risk-free rate of 1.50% and dividend yield of Nil%. The Company recognized stock-based compensation expense of $23,050 for the year ended 31 October 2019.

15) Share capital (continued)

On 15 April 2019, the Company granted incentive stock options to advisors of the Company to purchase 300,000 common shares of the Company vesting every quarter starting on 15 April 2019 at an exercise price of $0.95 per share with an expiry date of 14 April 2021. The grant date fair value was estimated to be $114,507 on a Black-Scholes calculation using a volatility of 187.2%, an expected life of 2 years, a risk-free rate of 1.56% and dividend yield of Nil%.

On 19 December 2018, the Company granted incentive stock options to executives and directors of the Company to purchase 500,000 common shares of the Company at an exercise price of $0.76 per share with an expiry date of 19 December 2023. The grant date fair value was estimated to be $383,203 on a Black-Scholes calculation using a volatility of 169.36%, an expected life of 5 years, a risk-free rate of 1.90% and a dividend yield of Nil%.

On 19 December 2018, the Company granted incentive stock options to executives and directors of the Company to purchase 178,500 common shares of the Company at an exercise price of $0.76 per share with an expiry date of 19 December 2021. The grant date fair value was estimated to be $125,203 on a Black-Scholes calculation using a volatility of 169.36%, an expected life of 3 years, a risk-free rate of 1.90% and a dividend yield of Nil%.

On 10 April 2018, the Company granted incentive stock options to employees and consultants of the Company to purchase 275,000 common shares of the Company at an exercise price of $1.90 per share with an expiry date of 10 April 2022. The grant date fair value was estimated to be $479,901 on a Black-Scholes calculation using a volatility of 172%, an expected life of 4 years, a risk-free rate of 2.03% and a dividend yield of Nil%.

On 10 April 2018, the Company granted incentive stock options to employees and consultants of the Company to purchase 90,000 common shares of the Company at an exercise price of $1.90 per share with an expiry date of 10 April 2022. The grant date fair value was estimated to be $157,058 on a Black-Scholes calculation using a volatility of 172%, an expected life of 4 years, a risk-free rate of 2.03% and a dividend yield of Nil%. The options vest quarterly over a 12 and 24-month term. On 7 January 2019, the Company cancelled 90,000 stock options.

On 11 April 2018, the Company granted incentive stock options to a director of the Company to purchase 250,000 common shares of the Company at an exercise price of $2.22 per share with an expiry date of 11 April 2023. The grant date fair value was estimated to be $526,389 on a Black-Scholes calculation using a volatility of 172%, an expected life of 5 years, a risk-free rate of 2.06% and a dividend yield of Nil%. The options vest quarterly over a 24-month term; accordingly, the Company recognized stock-based compensation expense of $164,546 in connection with these options for the year ended 31 October 2019.

On 20 March 2018, the Company granted incentive stock options to a director of the Company to purchase 100,000 common shares of the Company at an exercise price of $1.28 per share with an expiry date of 20 March 2023. The grant date fair value was estimated to be $117,824 on a Black-Scholes calculation using a volatility of 120%, an expected life of 5 years, a risk-free rate of 2.00% and a dividend yield of Nil%. The options vest quarterly over a 24-month term; accordingly, the Company recognized stock-based compensation expense of $36,508 in connection with these options for the year ended 31 October 2019.

On 13 February 2018, the Company granted incentive stock options to an employee of the Company to purchase 50,000 common shares of the Company at an exercise price of $1.95 per share with an expiry date of 13 February 2022. The grant date fair value was estimated to be $84,389 on a Black-Scholes calculation using a volatility of 170%, an expected life of 4 years, a risk-free rate of 1.97% and a dividend yield of Nil%. The options vest quarterly over a 12-month term. On January 7, 2019, the Company cancelled 50,000 stock options.

15) Share capital (continued)

On 8 January 2018, the Company granted incentive stock options to an officer of the Company to purchase 500,000 common shares of the Company at an exercise price of $2.87 per share with an expiry date of 19 December 2021. The grant date fair value was estimated to be $1,213,111 on a Black-Scholes calculation using a volatility of 172%, an expected life of 3.95 years, a risk-free rate of 1.92% and a dividend yield of Nil%. The options vest quarterly over a 24-month term; accordingly, the Company recognized stock-based compensation expense of $404,369 in connection with these options for the year ended 31 October 2018. Subsequent to the second tranche of these options vesting, the options were forfeited.

On 17 November 2017, the Company granted incentive stock options to directors and consultants of the Company to purchase 1,090,000 common shares of the Company at an exercise price of $0.84 per share with an expiry date of 17 November 2021. The grant date fair value was estimated to be $828,218 on a Black-Scholes calculation using a volatility of 147%, an expected life of 4 years, a risk-free rate of 1.60% and a dividend yield of Nil%. The options vest quarterly over a 12-month term; accordingly, the Company recognized stock-based compensation expense $9,565 in connection with these options for the year ended October 31, 2019.

On 19 December 2017, the Company granted incentive stock options to directors of the Company to purchase 750,000 common shares of the Company at an exercise price of $3.20 per share with an expiry date of 19 December 2021. The grant date fair value was estimated to be $2,203,897 on a Black-Scholes calculation using a volatility of 173%, an expected life of 4 years, a risk-free rate of 1.70% and a dividend yield of Nil%. These options were cancelled on 7 January 2019.

Stock option activity during the period is summarized as follows:

STOCK OPTION ACTIVITY	31 October 2019		Weighted Average Exercise Price	31 October 2018		Weighted Average Exercise Price
Balance – Beginning of year	**4,750,060**	$	**1.13**	3,040,000	$	0.26
Granted	**1,433,500**		**0.74**	3,105,000		2.00
Exercised	**(925,000)**		**0.26**	(894,940)		0.25
Forfeited	**(40,000)**		**0.61**	(500,000)		2.87
Cancelled	**(1,140,000)**		**3.00**	-		-
Balance – End of year	**4,078,560**	$	**0.80**	4,750,060	$	1.13

15) Share capital (continued)

As at 31 October 2019 and 2018 the Company had the following stock options outstanding:

Expiry date		Exercise Price	31 October 2019 Outstanding	31 October 2019 Exercisable	31 October 2018 Outstanding
7 April 2026	$	**0.25**	**715,000**	**715,000**	1,480,000
13 July 2020		**0.25**	**240,060**	**240,060**	240,060
23 June 2020		**0.35**	**340,000**	**340,000**	425,000
21 November 2021		**0.82**	**1,090,000**	**1,090,000**	1,090,000
19 December 2021		**3.20**	**-**	**-**	750,000
19 December 2021		**0.76**	**178,500**	**178,500**	-
13 February 2022		**1.95**	**-**	**-**	50,000
10 April 2022		**1.90**	**365,000**	**365,000**	365,000
19 March 2023		**1.28**	**100,000**	**36,000**	100,000
11 April 2023		**2.22**	**250,000**	**250,000**	250,000
19 December 2023		**0.76**	**500,000**	**500,000**	-
9 January 2022		**0.58**	**200,000**	**200,000**	-
24 June 2022		**0.56**	**100,000**	**-**	-
			4,078,560	**3,914,560**	4,750,060

The weighted average remaining contractual life of stock options outstanding 31 October 2019 was 3.21 years (31 October 2018: 2.57 years).

16) Related party transactions

a) Related party transactions

Transactions with related parties for the year ended 31 October 2019 and 2018 are as follows:

KEY MANAGEMENT COMPENSATION

Principal Position	Fiscal Period		Remuneration or Fees		Share based payments
Clayton Moore, CEO and director – [(i)] salary and consulting fees	**2019**	**$**	**257,000**	**$**	**79,712**
	2018	$	311,000	$	997,503
Gord Jessop, former President and director – [(i)] salary and consulting fees	**2019**	**$**	**186,500**	**$**	**79,712**
	2018	$	221,400	$	997,503
Jennifer Lowther, CRO and director – consulting fees	**2019**	**$**	**151,200**	**$**	**251,284**
	2018	$	110,200	$	734,632
Christopher Cherry, CFO and director – consulting fees	**2019**	**$**	**95,875**	**$**	**-**
	2018	$	7,500	$	-
Mehdi Mehrtash, CTO – consulting fees	**2019**	**$**	**119,946**	**$**	**78,747**
	2018	$	115,500	$	-
Jean-Marc Bougie, former director – shares for services	**2019**	**$**	**-**	**$**	**-**
	2018	$	-	$	897,173
Michael Laitinen, former CFO – [(i)] salary and consulting fees	**2019**	**$**	**-**	**$**	**-**
	2018	$	104,500	$	404,369

[(i)] All payments to January 31, 2018 were in the form of consulting fees; February 1, 2018 forward all payments in the form of salary.

16) Related party transactions (continued)

b) Related party balances

Included in due from related parties as at 31 October 2019 is $100,008 (31 October 2018: $nil) from a company controlled by the President of the Company. The amount will be non-interest bearing for the first 12 months and 1.5% interest for the following 12 months with no fixed terms of repayment.

Included in due to related parties as at 31 October 2019 is $114,118 (31 October 2018: $78,125 due from) owing to the CEO of the Company. These amounts are non-interest bearing with no fixed terms of repayment.

Included in accounts payable as at 31 October 2019 is $233,248 (31 October 2018: $311,232) owing to key management. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Included in accrued liabilities as at 31 October 2019 is $140,750 (31 October 2018: $Nil) of salaries payable owing to key management. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

17) Commitments

a) Commitments with related parties

Pursuant to the employment agreement, effective 1 January 2018, the Company will remunerate the Chief Executive Officer of the Company $18,500 per month. In the event that the CEO is terminated without cause, the Company must continue paying the salary for a period of 18 months.

b) Other commitments

On 1 March 2018, the Company entered into a premises lease agreement for a period of seven years, expiring on 28 February 2025. Minimum annual lease payments of base rent for the term of the lease is as follows:

LEASE PERIOD	Amount
1 November 2019 to 31 October 2020	258,144
1 November 2020 to 31 October 2021	258,144
1 November 2021 to 31 October 2022	258,144
1 November 2022 to 31 October 2023	258,144
1 November 2023 to 31 October 2024	258,144
1 November 2024 to 28 February 2025	86,048
	$ 1,376,768

18) Capital management

The Company's capital structure consists of all components of shareholders' deficiency. 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.

19) 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 2019 and 2018:

		31 October 2019		31 October 2018
Loss before income taxes	**$**	**(6,665,702)**	$	(13,193,394)
Canadian statutory rates		**27%**		27%
Expected income tax (recovery)		**(1,800,000)**		(3,536,000)
Temporary differences		**1,000**		(106,000)
Permanent differences		**664,000**		2,108,000
Differences between prior year provision and final tax return		**181,000**		119,000
Change in deferred tax asset not recognized		**954,000**		1,415,000
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 2019 and 2018 are comprised of the following:

		31 October 2019		31 October 2018
Non-capital loss carry-forwards	**$**	**3,926,000**	$	3,099,000
Capital loss carry-forwards		**71,000**		71,000
Equipment		**128,000**		22,000
Intangible assets		**52,000**		35,000
Bonus payable		**22,000**		-
Share issuance costs		**41,000**		52,000
	$	**4,240,000**	$	3,279,000
Deferred tax asset not recognized		**(4,240,000)**		(3,279,000)
Net deferred tax asset	**$**	**-**	$	-

The Company has non-capital loss carry forward of approximately $14,539,000 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 between 2026 and 2039.

20) Supplemental Cash Flow Information

		31 October 2019		31 October 2018
Client deposits	$	552,800	$	1,687,549
Shares issued for services		444,006		1,667,535
Shares issued for settlement of debt		784,064		955,600
Shares issued for exercise of stock options		221,546		212,582
Shares issued for exercise of convertible debt		493,153		-
Proceeds on coin sale		-		3,263,108
Proceeds of units allocated to warrants		351,346		-

21) Subsequent events

Subsequent to October 31, 2019, the Company:

a) entered into debt settlement agreements with consultants to settle amounts owing by issuing 8,582,867 common shares of the Company;

b) issued 5,263,497 units for gross proceeds of $1,473,779. 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 for a period of two years from the date of issuance;

c) issued 3,000,000 common shares of the Company for services provided by consultants;

d) issued 200,000 common shares of the Company for exercise of stock options; and

e) issued 50,000 common shares of the Company as severance payment to a former employee of the Company.