PERK LABS INC.

(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended August 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

PERK LABS INC.
(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Financial Statements

PERK LABS INC.
(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

As at		(Unaudited) August 31 2020		(Audited) November 30 2019
ASSETS				
Current				
Cash	**$**	**930,464**	$	1,918,626
Amounts receivable (note 5)		**97,589**		20,839
Marketable securities (note 6)		**488,606**		1,710,530
Inventory		**1,572**		-
Prepaid expenses and deposits (note 7)		**82,212**		64,245
		1,600,443		3,714,240
Property and equipment (note 8)		**255,679**		31,606
Marketable securities (note 6)		**116,591**		882,785
Investment (note 10)		**102,000**		102,000
Investment in joint venture (note 11)		**1**		1
Total assets	**$**	**2,074,714**	$	4,730,632
LIABILITIES				
Current				
Accounts payable and accrued liabilities (note 20)	**$**	**398,282**	$	367,730
Current portion of lease liabilities (note 21)		**66,398**		-
		464,680		367,730
Lease liabilities (note 21)		**172,522**		-
Total liabilities		**637,202**		367,730
SHAREHOLDERS' EQUITY				
Share capital (note 12)		**32,990,282**		32,903,790
Reserves		**5,168,038**		4,998,540
Deficit		**(36,720,808)**		(33,539,428)
Total shareholders' equity		**1,437,512**		4,362,902
Total liabilities and shareholders' equity	**$**	**2,074,714**	$	4,730,632

Going concern (note 2)
Commitments (note 21)
Subsequent events (note 24)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 23, 2020. They are signed on the Company’s behalf by:

________________________ Director ________________________ Director

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
		Restated (note 23)		Restated (note 23)
	August 31 2020	August 31 2019	**August 31 2020**	August 31 2019
Revenue (note 18)	**$ 10,053**	$ 9,360	**$ 17,906**	$ 24,535
Cost of sales	**11,240**	$ 8,683	**18,502**	$ 22,975
Gross profit (loss)	**(1,187)**	677	**(596)**	1,560
Expenses				
Depreciation and amortization (note 8)	**27,608**	28,062	**50,637**	283,769
General and administration (note 14)	**321,026**	662,164	**1,335,314**	4,381,176
Interest (note 21)	**11,002**	-	**11,002**	-
Sales and marketing (note 15)	**168,353**	329,952	**495,414**	1,150,688
Share-based compensation (notes 13 and 20)	**42,242**	96,439	**185,198**	444,542
	570,231	1,116,617	**2,077,565**	6,260,175
Loss from operations	**(571,418)**	(1,115,940)	**(2,078,161)**	(6,258,615)
Other income (expense)				
Foreign exchange loss	**(5,743)**	(3,220)	**(3,485)**	(825)
Gain (loss) on sale of marketable securities (note 6)	**104,011**	(116,001)	**396,504**	100,936
Government subsidies and grants (note 19)	**203,543**	-	**287,705**	-
Interest income	**746**	9,129	**8,344**	41,490
Other income	**-**	150	**-**	4,231
Unrealized gain (loss) on marketable securities (note 6)	**(475,491)**	(2,453,457)	**(1,792,287)**	350,583
	(172,934)	(2,563,399)	**(1,103,219)**	496,415
Net and comprehensive loss for the period	**$ (744,352)**	$ (3,679,339)	**$ (3,181,380)**	$ (5,762,200)
Basic and diluted loss per share	**$ (0.01)**	$ (0.03)	**$ (0.02)**	$ (0.04)
Weighted average number of shares outstanding	**141,792,903**	136,737,783	**140,453,707**	136,737,783

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Deficit	(Unaudited) Total Equity
Balance, November 30, 2019	136,817,783	$ 32,903,790	$ -	$ 4,998,540	$(33,539,428)	$ 4,362,902
Shares issued for cash	4,220,845	197,715	-	-	-	197,715
Share issuance costs	-	(228,686)	-	-	-	(228,686)
Shares issued for debt	1,048,161	85,325	-	-	-	85,325
Stock options exercised	107,500	16,438	-	-	-	16,438
Shares issued under RSU plan	157,000	15,700	-	(15,700)	-	-
Share-based compensation	-	-	-	185,198	-	185,198
Net loss for the period	-	-	-	-	(3,181,380)	(3,181,380)
Balance, August 31, 2020	**142,351,289**	**$ 32,990,282**	**$ -**	**$ 5,168,038**	**$(36,720,808)**	**$ 1,437,512**

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Restated (note 23) Deficit	Restated (note 23) Total Equity
Balance, November 30, 2018	136,737,783	$ 32,899,790	$ 15,866	$ 4,509,832	$(25,474,990)	$ 11,950,498
Share-based compensation	-	-	-	444,542	-	444,542
Net loss for the period	-	-	-	-	(5,762,200)	(5,762,200)
Balance, August 31, 2019	**136,737,783**	**$ 32,899,790**	**$ 15,866**	**$ 4,954,374**	**$(31,237,190)**	**$ 6,632,840**

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Nine Months Ended	
		Restated (note 23)
	August 31 2020	August 31 2019
Cash provided by (used in)		
Operating activities		
Net loss for the period	**$ (3,181,380)**	$ (5,762,200)
Items not affecting cash		
Depreciation and amortization	**50,637**	283,762
Gain on sale of marketable securities	**(396,504)**	(100,936)
Gain on sale of property and equipment	**-**	(1,354)
Gain on rent concession	**(18,338)**	-
Share-based compensation	**185,198**	444,542
Unrealized (gain) loss on marketable securities	**1,792,287**	(350,583)
	(1,568,100)	(5,486,769)
Net change in non-cash working capital	**19,588**	1,462,923
	(1,548,512)	(4,023,846)
Investing activities		
Acquisition of property and equipment	**-**	(5,733)
Purchase of intangible assets	**-**	(11,160)
Proceeds from sale of property and equipment	**-**	7,149
Proceeds from sale of marketable securities	**592,335**	962,524
	592,335	952,780
Financing activities		
Proceeds from share issuances	**214,153**	-
Share issuance costs	**(228,686)**	
Repayment of principal on lease liabilities	**(17,452)**	-
	(31,985)	-
Net decrease in cash	**(988,162)**	(3,071,066)
Cash, beginning of period	**1,918,626**	5,626,789
Cash, end of period	**$ 930,464**	$ 2,555,723

Supplemental cash flow information (note 17)
Interest received and interest paid are reflected in operating cash flows.

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

1. NATURE OF OPERATIONS

Perk Labs Inc. (formerly Glance Technologies Inc.) (“Perk Labs” or the “Company”) was incorporated under the laws of the Province of British Columbia on October 24, 2014. The Company’s office is located at Suite 1755, 555 Burrard Street, Vancouver, British Columbia, V7X 1M9.

The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol PERK (formerly GET) and began trading on September 7, 2016; on the OTCQB under the symbol GLNNF; and on the Frankfurt Stock Exchange under the symbol GJT.

These condensed consolidated interim financial statements include the accounts of Perk Labs Inc. and its three wholly owned subsidiaries: Perk Hero Software Inc. (formerly Glance Pay Inc.); Glance Pay USA Inc.; and Glance Coin Inc.

The Company’s principal business is to enhance the payment process for both consumers and merchants online and in brick-and-mortar environments using proprietary technology that combines mobile technologies and traditional payment processing, originally using *Glance Pay* and subsequently using *Perk Hero*. The Company launched its *Glance Pay* application during August 2016 and officially launched *Perk Hero* on April 2, 2020. *Perk Hero* is a digital loyalty management platform that enables merchants to provide their customers with digital rewards and a more engaging and convenient customer experience.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company incurred a net loss of $3,181,380 (August 31, 2019 - $5,762,200) and used cash of $1,548,512 (August 31, 2019 - $4,023,846) for operating activities during the nine months ended August 31, 2020. As of that date, the Company had an accumulated deficit of $36,720,808 (November 30, 2019 - $33,539,428).

The Company is continuing to enhance its mobile payment applications. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to August 31, 2020 is uncertain. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

2. GOING CONCERN (continued)

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

3. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards 34, "*Interim Financial Reporting"* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards "("IFRS"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the annual audited consolidated financial statements for the year ended November 30, 2019, and should be read in conjunction with those consolidated financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on October 23, 2020.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. BASIS OF PREPARATION (continued)

c) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian Dollar.

d) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the condensed consolidated interim statement of financial position. Income and expenses are translated at the exchange rate in the month they are recorded for each statement of condensed consolidated Interim statement of operations and comprehensive loss. Foreign exchange differences are recognized in the condensed consolidated interim statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

f) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

g) Critical accounting judgments and estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, 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.

Significant areas requiring the use of estimates include the carrying value of marketable securities and investments, revenue recognition, the collectability of amounts receivable, useful lives and carrying values of property and equipment, and the measurement of share-based compensation.

3. BASIS OF PREPARATION (continued)

g) Critical accounting judgments and estimates (continued)

Judgments made by management in the application of IFRS that have significant effect on the condensed consolidated interim financial statements include the factors that are used in determining the fair value of privately held investments, the fair value of share-based compensation, the discount rates applied on marketable securities held in escrow, the incremental borrowing rate used in the valuation of right-of-use assets and lease liabilities, and the application of the going concern assumption which requires management to take into account all available information about the future, at least but not limited to twelve months from the reporting period.

h) Inventory

The Company holds inventories of products for resale which can include gift cards, consumer goods and processed food items. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price less costs of disposal in the ordinary course of business.

i) Government Grants

The Company recognizes government grants when there is a reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. Government grants receivable are recorded in the amounts receivable on the condensed consolidated interim statement of financial position. The Company recognizes government grants in the condensed consolidated interim statement of income/loss in the same period as the expenses for which the grant is intended to compensate. In cases where a grant becomes receivable as compensation for expenses already incurred in period periods, the grant is recognized in the profit or loss in the period in which it becomes receivable.

4. ADOPTION OF NEW STANDARDS

a) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases (“IFRS 16”) and brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity’s incremental borrowing rate if the implicit rate cannot be readily determined. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

4. ADOPTION OF NEW STANDARDS (continued)

a) IFRS 16 Leases (continued)

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company implemented IFRS 16 on December 1, 2019 using the election for short-term leases for their existing office premises lease which had a nine-month term at inception. As such, there was no impact on the condensed interim consolidated statement of financial position at the date of initial application.

On June 1, 2020, the Company commenced a three-year lease for its office premises. Right-of-use assets recognized as a result of IFRS 16 are included in property and equipment in the consolidated statement of financial position and in Note 8. The current and non-current portion of lease liabilities are presented separately in the consolidated statement of financial position and in Note 21.

Right-of-use assets are subsequently amortized over the remaining term of the lease, which is approximately 3 years. Lease liabilities are subsequently reduced by lease payments net of interest expense calculated using the effective interest method.

b) Amendments to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequent of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-releated rent concessions that reduce lease payments due on or before June 30, 2021. The amendments are effective for periods beginning on or after June 1, 2020 with earlier application permitted.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

For the period ending August 31, 2020, the Company was approved under the Canada Emergency Commercial Rent Assistance (CECRA) program which provides commercial rent assistance for small businesses. The Company has applied the practical expedient to this rent concession on its only lease.

The net impact of the concession recognized in the condensed consolidated interim statements of operations and comprehensive loss arising from this practical expedient is a reduction of $29,993 against rent expenses.

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

		August 31 2020		November 30 2019
Accounts receivable - customers	**$**	**779**	$	2,306
Goods and services tax receivable		**37,205**		18,117
Other receivables		**59,605**		416
	$	**97,589**	$	20,839

6. MARKETABLE SECURITIES

	August 31 2020	November 30 2019	**August 31 2020**	November 30 2019	**August 31 2020**	November 30 2019
	Number		**Cost**		**Fair Value**	
Current						
Loop Insights Inc.	**-**	783,325	**$ -**	$ 195,831	**$ -**	$ 148,832
Better Plant Sciences Inc. (shares)	**3,170,000**	2,700,000	**-**	-	**288,936**	688,500
Better Plant Sciences Inc. (warrants)	**5,460,000**	5,460,000	**-**	-	**199,670**	873,198
			-	195,831	**488,606**	1,710,530
Non-current						
Better Plant Sciences Inc. (shares)	**1,350,000**	4,050,000	**-**	-	**116,591**	882,785
			$ -	$ 195,831	**$ 605,197**	$2,593,315

Loop Insights Inc.

On January 4, 2018, Yield Growth Corp, ("Yield"), then a private company that was partially owned but not controlled by the Company, signed a definitive agreement for licensing and product pre-sales with Loop Insights Inc. ("Loop") (formerly "Big Cannabis Data"). Under the terms of the agreement, Yield sublicensed the *Glance Pay* mobile payment platform technology to Loop for $2,000,000 for a one year license, payable in stock at a fair value of $0.25 per share for 8,000,000 common shares, of which 4,000,000 common shares was paid to the Company as a sublicense royalty, and the sublicense was renewable for $10,000 per year. On February 6, 2018, the 4,000,000 Loop common shares were transferred by Yield to the Company. Loop was a private company incorporated under the laws of the Province of British Columbia on January 2, 2018. Loop is a Vancouver-based technology company that has developed a unique proprietary platform that combines the power of IoT and AI to level the playing field between brick and mortar retailers and their online competition. On June 12, 2019, Loop announced that it completed a reverse takeover with AlkaLi3 Resources Inc. and listed as a Tier 2 Technology Issuer on the TSX Venture Exchange.

6. MARKETABLE SECURITIES (continued)

Loop Insights Inc. (continued)

During the year ended November 30, 2018, the Company recognized revenue of $1,000,000 from Loop in connection with a royalty fee for sublicensing the mobile payment platform from Yield. In November 2018, a modified agreement was put in place to cancel the Yield sublicense and the Company entered into a more limited scope license agreement to work directly with Loop and leverage each other's technology. There has been no impact to revenue as the licensed patents were already provided under the original agreement. There are no remaining obligations under the contract prior to modification and there are no new performance obligations under the modified contract. The Company received 1,000,000 common shares of Loop at a fair value of $0.25 per share of Loop in connection with the license agreement in place of the 4,000,000 common shares it previously owned.

During the nine months ended August 31, 2020, the Company sold 783,325 (November 30, 2019 - 216,675) shares of Loop for net proceeds of $201,217 (November 30, 2019 - $84,272) with a cost of $195,831 (November 30, 2019 - $54,169) resulting in a realized gain of $5,386 (November 30, 2019 – $30,103).

Better Plant Sciences Inc. (formerly Yield Growth Corp.) ("BPS")

On May 29, 2017 (and as amended and restated on May 31, 2017), the Company's subsidiary Perk Hero Software Inc. (formerly Glance Pay Inc.) entered into a licensing agreement with BPS, a company incorporated in the Province of British Columbia. Pursuant to the licensing agreement, the Company granted BPS a worldwide, non-exclusive license to use its intellectual property in the marijuana financial technology industry.

The license had an initial term of one year and with automatic renewals for up to 50 additional one year terms upon BPS's payment of the annual renewal fee of $10,000. As consideration for the license, BPS agreed to pay the Company a fee of $912,500 for the initial term of one year, which was paid as follows:

- $100,000 on August 31, 2017;
- $200,000 on June 20, 2017; and
- $612,500 from the issuance of 2,450,000 common shares of Yield on November 28, 2017.

Pursuant to the terms of the licensing agreement, on August 31, 2017 and June 20, 2017, the Company acquired 8,000,000 common shares of BPS for proceeds of $400,000. This was in addition to 2,450,000 shares at a fair value of $0.25 per share for services. The cost amount was subsequently written down to $Nil when proportional losses were attributed from BPS to the Company. On June 4, 2018, BPS split their common shares on the basis of two for one, increasing the Company's holdings in BPS to 20,900,000 common shares.

As part of an agreement modification in November 2018, the Company returned 11,900,000 BPS common shares in exchange for the issuance of 6,000,000 warrants to purchase BPS shares with a five-year term at a price of $0.50 per share. As a result of the modification, the Company amended its accounting of its investment in BPS from the equity method to FVTPL as the Company no longer had significant influence of BPS as its common share holdings were less than 20%, had no

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES (continued)

Better Plant Sciences Inc. (formerly Yield Growth Corp.) (continued)

representation on the Board of Directors of BPS, and had no participation or significant influence in the operations of BPS. Pursuant to a Restricted Share Sale Agreement dated November 2, 2018, the Company agreed not to sell more than 20,000 BPS shares in a single trading day upon BPS listing on a Canadian stock exchange, which occurred on December 14, 2018.

During the nine months ended August 31, 2020, the Company exercised Nil (November 30, 2019 - 540,000) warrants for $Nil (November 30, 2019 - $240,000) and sold 2,230,000 (November 30, 2019 – 2,250,000) shares of BPS for proceeds of $391,118 (November 30, 2019 - $1,257,168) resulting in a realized gain of $391,118 (November 30, 2019 - $987,168).

At August 31, 2020, the fair value of the 5,460,000 (November 30, 2019 – 5,460,000) BPS warrants was $199,670 (November 30, 2019 - $873,198) calculated using the Black-Scholes option pricing model assuming no (November 30, 2019 – no) expected dividends, an expected life remaining of 3.20 (November 30, 2019 – 3.85) years, volatility of 111% (November 30, 2019 – 110%), and a risk-free rate of 0.31% (November 30, 2019 – 1.51%). For the nine months ended August 31, 2020, the Company recognized an unrealized loss of $673,528 (August 31, 2019 - $232,325) on the BPS warrants.

At August 31, 2020, 4,050,000 out a total of 4,520,000 BPS common shares were held in escrow. They will be released as follows: (i) December 15, 2020 – 1,350,000; (ii) June 15, 2021 – 1,350,000 shares; and (iii) December 15, 2021 – 1,350,000 shares. At August 31, 2020, the Company recorded a discount of $23,873 (November 30, 2019 – $149,965) on the carrying value of BPS common shares held in escrow with a corresponding entry to unrealized loss.

7. PREPAID EXPENSES AND DEPOSITS

	August 31 2020	November 30 2019
Deposit on office premises	**$ 49,697**	$ 26,529
Other prepaid expenses	**32,515**	37,716
	$ 82,212	$ 64,245

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	November 30 2018	Dispositions	November 30 2019	Additions	**August 31 2020**
Cost					
Computer equipment	$ 362,346	$ (188,752)	$ 173,594	$ -	**$ 173,594**
Furniture and fixtures	26,075	(5,288)	20,787	-	**20,787**
Leasehold improvements	220,474	-	220,474	-	**220,474**
Right of use lease asset	-	-	-	274,710	**274,710**
	$ 608,895	$ (194,040)	$ 414,855	$ 274,710	**$ 689,565**

	November 30 2018	Depreciation/ Amortization	November 30 2019	Depreciation/ Amortization	**August 31 2020**
Accumulated Depreciation/Amortization					
Computer equipment	$ 208,154	$ (59,137)	$ 149,017	$ 22,140	**$ 171,157**
Furniture and fixtures	8,613	5,145	13,758	4,950	**18,708**
Leasehold improvements	75,877	144,597	220,474	-	**220,474**
Right of use lease asset	-	-	-	23,547	**23,547**
	$ 292,644	$ 90,605	$ 383,249	$ 50,637	**$ 433,886**
Carrying Amounts	$ 316,251		$ 31,606		**$ 255,679**

9. INTANGIBLE ASSETS

	Computer Software	**Payment Processing Patents**	**Intellectual Property**	**Patent and Domain Names**	**Total**
Cost					
Balance November 30, 2018	$ 493,244	$ 26,667	$ -	$ 17,800	$ 537,711
Additions	-	-	1,419,844	14,311	1,434,155
Balance November 30, 2019 and August 31, 2020	$ 493,244	$ 26,667	$ 1,419,844	$ 32,111	$ 1,971,866

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSETS (continued)

	Computer Software	Payment Processing Patents	Intellectual Property	Patent and Domain Names	Total
Accumulated Amortization					
Balance November 30, 2018	$ 369,933	$ 20,000	$ 1,419,844	$ -	$ 1,809,777
Amortization	123,311	6,667	-	-	129,978
Impairment	-	-	-	32,111	32,111
Balance, November 30, 2019 and August 31, 2020	**$ 493,244**	**$ 26,667**	**$ 1,419,844**	**$ 32,111**	**$ 1,971,866**
Carrying Amounts	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

10. INVESTMENT

	Number		**Cost**		**Fair Value**	
	August 31 2020	November 30 2019	**August 31 2020**	November 30 2019	**August 31 2020**	November 30 2019
Euro Asia Pay Holdings Inc.	8,500,000	8,500,000	**$ 595,000**	$ 595,000	**$ 102,000**	$ 102,000

In October 2017, the Company received $250,000 upon signing an agreement with Euro Asia Pay Holdings Inc. (“EAP”). In November 2017, EAP issued 8,500,000 common shares at a fair market value of $595,000, pursuant to its obligation to pay for an element of licensing, design of the application, and marketing. EAP is a private company incorporated under the laws of the Province of British Columbia on October 16, 2017. EAP combines traditional financial service with innovative technology to provide enhanced digital financial services to operate business in the tourism and education industry. During year ended November 30, 2019, the Company recorded an impairment loss of $493,000.

11. JOINT VENTURE AGREEMENT – CONVERGE MOBISOLUTIONS INC.

The Company previously announced an agreement with Fobisuite which included the grant of a license from the Company and Fobisuite to a newly created company, Fobi Pay Technologies Inc. (“Fobi Pay”). The terms of the agreement were amended to substitute a new entity, Converge MobiSolutions Inc. (“Converge”), for Fobi Pay. As part of the amended agreement, the Company has entered into a license and distribution agreement with Converge pursuant to which Converge has the right to sell its technology. Converge has also entered into a separate license and distribution agreement pursuant to which it has the right to sell certain other technology that has been licensed to Kinect Technology Inc. (“Kinect”).

Converge will be focused on marketing and selling technology to certain types of merchants such as casinos, hotels, restaurants, and nightclubs and will target certain geographies including Las Vegas.

11. JOINT VENTURE AGREEMENT – CONVERGE MOBISOLUTIONS INC. (continued)

The Company owns 20,000,000 shares or 49% of the common shares of Converge and Kinect owns 20,500,000 shares for the remaining 51% of Converge. Each company has elected one board member. The investment will be recorded under the equity method. During the year ended November 30, 2019, the shares were acquired for a nominal cash value.

No transactions took place during the nine months ended August 31, 2020.

12. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

On December 3, 2019, the Company issued 88,889 common shares at $0.045 for a total of $4,000 as settlement for an amount payable to the Chief Technology Officer.

On January 6, 2020, the Company issued 80,000 common shares at $0.05 for a total of $4,000 as settlement for an amount payable to the Chief Technology Officer.

On January 8, 2020, the Company issued 20,000 common shares at $0.05 for a total of $1,000 as settlement for an amount payable.

On January 31, 2020, the Company closed a private placement for 3,836,845 Units at a price of $0.046 per Unit for gross proceeds of $176,495. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have an exercise price of $0.08 per share for a period of 24 months from the date of issue. Warrants were valued at $Nil using the residual value method. The Company paid no share issue costs in connection with this financing.

On February 3, 2020, the Company issued 133,333 common shares at $0.045 for a total of $6,000 as settlement for amounts payable of which 88,889 common shares were issued to the Chief Technology Officer.

On February 18, 2020, the Company issued 47,727 common shares at $0.055 for a total of $2,625 as settlement for an amount payable.

On March 2, 2020, the Company issued 52,631 common shares at $0.095 for a total of $5,000 as settlement for amounts payable of which 42,105 were issued to the Chief Technology Officer.

On March 4, 2020, 62,500 stock options were exercised at $0.155 per share for proceeds of $9,688.

12. SHARE CAPITAL (continued)

a) Common shares (continued)

On March 16, 2020, 45,000 stock options were exercised at $0.15 per share for proceeds of $6,750.

On April 1, 2020, the Company issued 50,000 common shares at $0.10 per share for a total of $5,000 as settlement for amounts payable of which 40,000 common shares with a fair value of $4,000 were issued to the Chief Technology Officer.

On April 15, 2020, the Company issued 16,666 common shares at $0.10 for a total of $1,667 as settlement for amounts payable to the Chief Technology Officer.

On May 1, 2020, the Company issued 154,546 common shares at $0.11 per share for a total of $17,000 as settlement for amounts payable of which 109,091 were issued to the former Chief Financial Officer and 36,364 were issued to the Chief Technology Officer.

On May 14, 2020, the Company issued 63,333 common shares at $0.12 per share for a total of $7,600 as settlement for an amount payable to the Chief Technology Officer.

On May 25, 2020, the Company issued 36,000 common shares at $0.125 per share for a total of $4,500 as settlement for an amount payable.

On June 1, 2020, the Company issued 100,870 common shares at $0.115 per share for a total of $11,600 as settlement for amounts payable of which 17,391 common shares with a fair value of $2,000 were issued to the former Chief Financial Officer and 74,783 common shares with a fair value of $8,600 were issued to the Chief Technology Officer.

On July 2, 2020, the Company issued 104,166 common shares at $0.08 per share for a total of $8,333 as settlement for amounts payable of which 25,000 common shares with a fair value of $2,000 were issued to the former Chief Financial Officer and 66,666 common shares with a fair value of $5,333 were issued to the Chief Technology Officer.

On August 4, 2020, the Company issued 100,000 common shares at $0.07 per share for a total of $7,000 as settlement for amounts payable of which 57,143 common shares were issued to the Chief Technology Officer. The Company also issued 157,000 common shares to employees due to restricted share units vesting. See Note 12.d) for additional details.

On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the British Columbia Securities Commission and using Multilateral Instrument 11-102 *Passport System*, filed the prospectus in all the provinces and territories of Canada. On July 29, 2020, the Company announced that it established an at-the-marketing equity program that allows the Company to issue and sell up to $2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company’s discretion. Share issuance costs were $228,049.

During the period ended August 31, 2020, the Company issued 384,000 common shares through its at-the-market offering at an average price of $0.055 for proceeds of $21,220. Commissions paid were $637 for net proceeds of $20,583.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

b) Escrow shares

At August 31, 2020, there were 5,778,419 (November 30, 2019 – 10,593,767) common shares held in escrow that were released on September 7, 2020.

c) Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2019	7,497	$	0.33
Expired	(7,497)	$	0.33
Issued	3,836,845	$	0.08
Balance, August 31, 2020	**3,836,845**	**$**	**0.08**
Exercisable as at August 31, 2020	**3,836,845**	**$**	**0.08**

Expiry Date	Remaining Life (Years)	Number of Warrants		Exercise Price
January 31, 2022	1.42	3,836,845	$	0.08

d) Restricted share units

The Company has established a long-term RSU incentive plan for executives and certain employees. This plan was finalized and approved at the Company's Annual General Meeting held on June 10, 2020. Awards generally vest over a three-year period (100% cliff vesting on the third anniversary date). The Board or Compensation Committee may, in its sole, discretion, determine vesting conditions for RSUs and the method of vesting. The Company's policy is to issue common shares for RSUs in the same month in which they vest.

The fair value of the RSUs granted was estimated on grant date using the fair value of the Company's common shares on the date of grant. For RSUs issued prior to June 10, 2020, the closing share price of the Company's common shares on the day that the RSU plan was finalized and approved was used to determine the fair value of the RSUs.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

d) Restricted share units (continued)

	Number of Units		Weighted average issue price
Balance, November 30, 2019	1,076,000	$	0.100
Granted	3,382,599	$	0.095
Vested, issued and released	(157,000)	$	0.100
Balance, August 31, 2020	**4,301,599**	**$**	**0.096**

Expiration Dates	Outstanding		Weighted average issue price
November 29, 2022 - June 1, 2023	3,583,878	$	0.100
July 2, 2023 - July 6, 2023	475,962	$	0.080
August 4, 2023	241,759	$	0.065
	4,301,599	**$**	**0.096**

For the three and nine months ended August 31, 2020, the Company recognized share-based compensation expenses of $59,414 (August 31, 2019 – Nil) related to RSUs granted and vested.

At August 31, 2020, 3,582,599 (November 30, 2019 – 400,000) RSU's have been granted to officers and directors of the Company.

13. SHARE-BASED COMPENSATION

The Company is authorized to grant options to directors, officers, employees, and consultants to acquire common shares under the 2016 Incentive Stock Option Plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's common shares issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less $0.10. Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors. Stock options granted under the Plan are to be settled with the issuance of equity instruments.

For the nine months ended August 31, 2020, the Company recognized share-based compensation expenses of $125,784 (August 31, 2019 - $444,542) related to stock options granted to employees, directors, officers and consultants.

(Expressed in Canadian Dollars)

13. SHARE-BASED COMPENSATION (continued)

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2019	8,528,500	$ 0.23
Granted	530,000	$ 0.11
Forfeited	(266,250)	$ 0.17
Expired	(495,000)	$ 0.23
Exercised[1]	(107,500)	$ 0.15
Balance, August 31, 2020	**8,189,750**	**$ 0.23**

1. The share price at the date options were exercised was $0.38 on February 25, 2020 and $0.11 on March 16, 2020. No options were exercised in the nine months ended August 31, 2019.

Exercise Prices	Expiration Dates	Weighted average remaining life	Options Outstanding (#)	Options Exercisable (#)
$0.10 - $0.18	May 12, 2021 - August 4, 2025	3.1	7,689,750	5,342,250
$1.46	January 22, 2023	2.3	500,000	500,000
			8,189,750	**5,842,250**

For the nine months ended August 31, 2020, the weighted-average fair value of options granted was $0.07 (August 31, 2019 - $0.10).

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, no expected dividends, and the following weighted-average assumptions:

	August 31 2020	August 31 2019
Risk-free interest rate	**0.58%**	1.59%
Expected volatility	**146%**	137%
Expected option life (in years)	**4.7**	2.0
Expected forfeiture rate	**4%**	5%
Dividend Yield	**0%**	0%

(Expressed in Canadian Dollars)

14. GENERAL AND ADMINISTRATION EXPENSES

	Three Months Ended		Nine Months Ended	
	August 31 2020	August 31 2019	**August 31 2020**	August 31 2019
Bank charges and interest	**$ 2,391**	$ 719	**$ 9,395**	$ 14,340
Consulting fees	**28,000**	25,000	**84,000**	180,540
Directors' fees (note 20)	**(110,833)**	-	**29,167**	-
Fobisuite license	**-**	-	**-**	1,500,000
Information technology	**60,482**	56,441	**248,848**	180,867
Insurance	**2,705**	2,737	**7,796**	8,323
Investor relations	**2,637**	32,059	**17,005**	152,472
Legal, accounting, and auditing	**24,775**	9,615	**107,204**	156,655
Office	**11,532**	52,929	**27,705**	207,624
Rent	**(12,506)**	128,705	**64,245**	394,736
Transfer agent and filing fees	**34,563**	23,244	**94,196**	76,728
Travel	**48**	1,615	**48**	10,229
Wages and benefits (note 21)	**277,232**	329,100	**645,705**	1,498,662
	$ 321,026	$ 662,164	**$ 1,335,314**	$ 4,381,176

15. SALES AND MARKETING EXPENSES

	Three Months Ended		Nine Months Ended	
	August 31 2020	August 31 2019	**August 31 2020**	August 31 2019
Consulting fees	**$ 52,538**	$ -	**$ 154,684**	$ -
Promotions and events	**5,963**	-	**28,150**	-
Sales and marketing	**44,308**	167,843	**110,389**	425,015
Travel	**610**	4,650	**1,436**	34,614
Wages and benefits	**64,934**	157,459	**200,754**	691,059
	$ 168,353	$ 329,952	**$ 495,414**	$ 1,150,688

16. SEGMENTED INFORMATION

The Company has one operating segment with assets located in Canada and the USA. The USA operating segment does not exceed 10% of reported revenue or 10% of the combined assets of the Company. The geographic segments have been aggregated into a single operating segment based on similar economic characteristics.

(Expressed in Canadian Dollars)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended	
	August 31 2020	August 31 2019
Non-cash investing and financing activities		
Common shares issued for debt	**$ 85,325**	$ -
Supplementary disclosures		
Income taxes paid	**$ -**	$ -
Interest paid on lease liabilities	**$ (11,002)**	$ -
Interest received	**$ 8,344**	$ 41,490

18. REVENUE

The breakdown of revenue for the three and nine months ended August 31, 2020 and 2019, is as follows:

	Three Months Ended		Nine Months Ended	
	August 31 2020	August 31 2019	**August 31 2020**	August 31 2019
Transaction revenue	**$ 1,905**	$ 9,360	**$ 9,758**	$ 24,535
Product revenue	**8,148**	-	**8,148**	-
	$ 10,053	$ 9,360	**$ 17,906**	$ 24,535

19. GOVERNMENT GRANTS

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy (“CEWS”) in order to help employers keep and/or return employees to work in response to challenges posed by the COVID-19 pandemic. In the second quarter of 2020, the Company determined that it met the employer eligibility criteria and applied for the CEWS in order to retain employees on payroll. As at August 31, 2020, the Company has received instalments of $226,327 under this program, with a further $54,563 booked as a receivable. The total amount claimed for the nine months ended August 31, 2020 was $280,890 and is reflected in government subsidies and grants in other income. There are no unfulfilled conditions or other contingencies attached to the current CEWS.

For the period ended August 31, 2020, the Company received $6,815 from the Innovate BC Innovator Skills Initiative (ISI) grant. This program provides companies with up to $5,000 towards an eligible student’s payroll for a maximum of two students per intake year (May – April).

The Company did not receive any grants for the period ended August 31, 2019.

(Expressed in Canadian Dollars)

20. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	August 31 2020	August 31 2019
Directors' fees	**$ 29,167**	$ -
Remuneration and fees	**341,727**	818,211
Share-based compensation	**101,685**	227,819
	$ 472,579	$ 1,046,030

At August 31, 2020, the Company owed $4,000 (November 30, 2019 - $91,469) to officers and directors which is included in accounts payable and accrued liabilities.

Amounts due to or from related parties are unsecured, do not bear interest, and are classified as a current asset or liability due to their nature and expected time of repayment.

21. COMMITMENTS AND LEASE LIABILITIES

On June 1, 2020, the Company commenced a three-year lease for its office premises. It is a triple net lease with a base rent of $9,485 per month in Year 1; $9,716 per month in Year 2; and $9,947 per month in Year 3. Upon commencement of the lease, the Company recognized a right-of-use asset and a lease liability. The incremental borrowing rate used to determine the lease liability was approximately 17.5%.

The following is a continuity schedule of lease liabilities for the nine months ended August 31, 2020.

	$
Balance at November 30, 2019	–
Lease additions	274,710
Lease payments	(28,454)
Interest expense on lease liabilities	11,002
Adjustment for COVID-19 concessions	(18,338)
Balance at August 31, 2020	**238,920**
Current portion	66,398
Long term portion	172,522

(Expressed in Canadian Dollars)

21. COMMITMENTS AND LEASE LIABILITIES (continued)

The following is a reconciliation from the undiscounted lease payments to the lease liabilities.

Year Ended		Amount
2020	$	**9,491**
2021		**115,206**
2022		**117,978**
2023		**59,682**
Total remaining contractual cash flows		302,357
Less: interest		(63,437)
Lease liabilities, August 31, 2020	**$**	**238,920**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Under IFRS 13, Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

(Expressed in Canadian Dollars)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	**Significant other observable inputs (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Balance, August 31, 2019 $**
Marketable securities	405,527	199,670	–	605,197
Investment	–	–	102,000	102,000
	405,527	199,670	102,000	707,197

The fair values of other financial instruments, including cash, amounts receivable, investment in joint venture, accounts payable and accrued liabilities, and lease liabilities approximate their fair values due the short-term nature of the financial instrument.

b) Market risk

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

Interest rate risk consists of two components: to the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to fair value interest rate risk.

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity.

The Company may be exposed to fair value interest rate risk if the prevailing market rates increase or decrease compared to the interest rates associated with its financial assets. Management does not believe this risk is significant.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market risk (continued)

(ii) Foreign currency risk (continued)

currency.

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At August 31, 2020, financial instruments were converted at a rate of $1 US dollar to $1.3042 (November 30, 2019 – $1.3289) Canadian. A 10% change in foreign exchange rates is not expected to have a material impact on the condensed consolidated interim financial statements.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

(iii) 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. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counterparties. At August 31, 2020, 99% of its amounts receivable was current (November 30, 2019 – 100%).

The Company's financial assets are not subject to material credit risk as it does not anticipate significant loss for non-performance.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or the proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash on hand at August 31, 2020 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to $2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

(v) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern

(Expressed in Canadian Dollars)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(v) Capital risk management (continued)

while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves, and deficit. The availability of new capital will depend on many factors including positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital and there was no material change from the prior year.

(vi) Price risk

Price risk is the risk that the fair value of investments will decline below the cost of the underlying investments. The Company's marketable securities are exposed to price risk.

23. RESTATEMENT

The Company has amended its condensed consolidated interim financial statements as at and for the three and nine months ended August 31, 2019 as a result of amending the consolidated financial statements for the year ended November 30, 2018 to reflect the recognition of license revenue, adjustment to the carrying value of marketable securities that are held in escrow, and record an accrual of directors' fees. For the three and nine months ended August 31, 2019, the effects of the restatement resulted in a decrease in net income of $36,101 and $108,303 respectively as result of reversing license revenue. Although the restatement had no impact to the condensed Consolidated Interim statement of cash flows for the nine months ended August 31, 2019, and had an immaterial impact on the working capital as at August 31, 2019 and to the net income for the three and nine months ended August 31, 2019, management has retroactively restated the August 31, 2019 financial information to ensure better transparency of its financial information for comparative purposes. The restatement had the following effects on the Company's condensed Consolidated Interim financial statements:

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss

	Three months ended August 31, 2019		
	Previously Reported	Adjustment	Restated
Revenue	$ 45,461	$ (36,101)	$ 9,360
Loss from operations	$ (1,079,839)	$ (36,101)	$ (1,115,940)
Net loss for the period	$ (3,643,238)	$ (36,101)	$ (3,679,339)

(Expressed in Canadian Dollars)

23. RESTATEMENT (continued)

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss (continued)

	Nine months ended August 31, 2019		
	Previously Reported	Adjustment	Restated
Revenue	$ 132,838	$ (108,303)	$ 24,535
Loss from operations	$ (6,150,312)	$ (108,303)	$ (6,258,615)
Net loss for the period	$ (5,653,897)	$ (108,303)	$ (5,762,200)

Condensed Consolidated Interim Statement of Changes in Equity

	As at August 31, 2019		
	Previously Reported	Adjustment	Restated
Net loss for the period	$ (5,653,897)	$ (108,303)	$ (5,762,200)
Deficit	$(31,128,887)	$ (108,303)	$(31,237,190)

Condensed Consolidated Interim Statement of Cash Flows

	Nine months ended August 31, 2019		
	Previously Reported	Adjustment	Restated
Net loss for the period	$ (5,653,897)	$ (108,303)	$ (5,762,200)
Deferred revenue	$ (108,303)	$ 108,303	$ -

24. SUBSEQUENT EVENTS

On September 1, 2020, the Company issued 106,500 common shares for restricted stock units vesting of which 40,000 common shares were issued to the Chief Executive Officer.

On September 1, 2020, the Company granted 55,944 restricted share units to the Chief Executive Officer and 41,958 restricted share units to the Chief Financial Officer that vest on September 1, 2023.

On September 1, 2020, the Company issued 141,818 common shares at $0.055 per share as settlement for amounts payable of which 72,727 common shares were issued to the Chief Technology Officer. 50,909 common shares have a hold period that expires on February 1, 2021.

On September 7, 2020, 5,778,419 common shares held in escrow were released representing the final tranche of shares owned by former officers of the Company.

24. SUBSEQUENT EVENTS (continued)

On October 1, 2020, the Company granted 64,102 restricted share units to the Chief Executive Officer, 48,078 restricted share units to the Chief Financial Officer and 729,166 restricted share units to its Directors. The restricted share units vest on October 1, 2023.

On October 1, 2020, the Company granted 150,000 restricted share units to Employees. The restricted units vest annually over three years.

On October 1, 2020, the Company issued 278,888 common shares at $0.045 per share as settlement for amounts payable of which 172,222 common shares were issued to the Chief Technology Officer and 84,444 common shares were issued to the Chief Operating Officer. 84,444 common shares have a hold period that expires on February 1, 2021.

On October 1, 2020, the Company granted 20,000 options to Employees that vest quarterly over a period of one year. The options have a strike price of $0.10 and expire October 1, 2025.

On October 5, 2020, the Company issued 800,000 restricted share units to the Chief Operating Officer. The restricted share units vest bi-annually over two years.

Between September 1, 2020 and October 23, 2020, the Company issued 3,247,000 shares at an average price per share of $0.043 through its at-the-marketing offering for gross proceeds of $140,105. Commissions paid were $4,203 for net proceeds of $135,902.