MLI Marble Lending Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
Unaudited

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of MLI Marble Lending Inc. are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, which are International Financial Reporting Standards ("IFRS"). The consolidated financial statements include some amounts and assumptions based on management's best estimates which have been derived with careful judgment.

In fulfilling its responsibilities, management of the corporation has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Board of Directors reviews and approves the corporation's consolidated financial statements.

May 28, 2019

"Michele Marrandino"	*"Ron Burton"*
Michele (Mike) Marrandino	Ron Burton
Chief Executive Officer	Chief Financial Officer

MLI Marble Lending Inc.
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2019
(Expressed in Canadian Dollars)
Unaudited

	Note		March 31, 2019		December 31, 2018
Assets					
Cash		$	4,455,798	$	1,457,298
Interest receivable			58,305		62,480
Loans receivable - current	6		632,981		502,721
Other receivables			23,032		-
Prepaid expenses			185,633		70,108
			5,355,749		2,092,607
Loans receivable	6		1,550,968		2,038,529
Office furniture and equipment	7		6,100		6,603
Intangible assets	8		426,651		405,751
		$	7,339,468	$	4,543,490
Liabilities					
Accounts payable and accrued liabilities		$	790,518	$	391,984
Interest payable			22,690		22,689
Other payables			-		3,418
Promissory notes	10		50,000		200,000
Bonds – current	11		1,062,805		618,434
			1,926,013		1,236,525
Bonds	11		4,409,646		4,832,678
			6,335,659		6,069,203
Shareholders' Deficiency					
Share capital	12		5,974,615		2,968,976
Shares to be issued			-		12,000
Other reserve			117,170		28,899
Deficit			(5,087,976)		(4,535,588)
			1,003,809		(1,525,713)
		$	7,339,468	$	4,543,490

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

Approved on behalf of the Board of Directors

"M.Marrandino" Director

" J. Scharfe" Director

MLI Marble Lending Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
Unaudited

	Note		2019		2018
Interest revenue		**$**	**127,278**	$	217,081
Interest expense			**135,360**		148,034
Net Interest Income			**(8,082)**		69,047
Other income			**8,864**		6,121
			782		75,168
Bad Debt Expenses			**-**		254,195
Operating Expenses					
Administration costs			**160,940**		65,752
Depreciation	7		**503**		889
Consulting fees			**197,238**		125,485
Marketing			**53,804**		20,357
Salary and benefits			**52,414**		28,267
Share-based compensation	12		**88,271**		-
			553,170		240,750
Net Loss and Comprehensive Loss		**$**	**(552,388)**	$	(419,777)
Basic and Diluted Loss Per Share	15	**$**	**(0.02)**	$	(0.02)
Basic and Diluted Weighted Average Number of Shares Outstanding	15		**36,297,463**		29,172,315

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

MLI Marble Lending Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Deficiency

For the three months ended March 31, 2019

(Expressed in Canadian Dollars)

Unaudited

		Share Capital					
	Note	**Number of Shares**	**Amount**	**Shares to be issued**	**Other Reserve**	**Deficit**	**Total**
Balances, December 31, 2017		28,309,385	$ 2,361,128	$ -	$ 5,899	$ (3,320,331)	$ (953,304)
Issue of shares		2,589,818	365,364	-	-	-	365,364
Shares issued to settle debt		4,849,685	242,484	-	-	-	242,484
Shares to be issued	12	-	-	12,000	-	-	12,000
Warrants issued	11	-	-	-	23,000	-	23,000
Net loss		-	-	-	-	(1,215,257)	(1,215,257)
Balances, December 31, 2018		35,748,888	$ 2,968,976	$ 12,000	$ 28,899	$ (4,535,588)	$ (1,525,713)
Initial public offering shares issued	12	17,500,000	3,500,000	-	-	-	3,500,000
Shares issued lending fee		150,000	30,000	-	-	-	30,000
Shares issued private	12	80,000	12,000	(12,000)	-	-	-
Initial public offering costs	12	-	(536,361)	-	-	-	(536,361)
Share-based compensation	12	-	-	-	88,271	-	88,271
Net loss		-	-	-	-	(552,388)	(552,388)
Balances, March 31, 2019		**53,478,888**	**$ 5,974,615**	**$ -**	**$ 117,170**	**$ (5,087,976)**	**$ 1,003,809**

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

MLI Marble Lending Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)
Unaudited

	Note		2019		2018
Cash Flows (Used in) from Operating Activities:					
Net Loss		**$**	**(552,388)**	$	(419,777)
Items not affecting cash:					
Depreciation of office furniture and equipment			**503**		889
Bond transaction cost amortization			**3,283**		-
Share-based compensation			**88,271**		-
			(460,331)		(418,888)
Changes in non-cash working capital:					
Interest receivable			**4,175**		50,754
Other receivables			**(23,032)**		67,774
Loans receivable			**357,301**		497,829
Prepaid expenses			**(115,525)**		-
Accounts payable and accrued liabilities			**383,915**		(79,462)
Interest payable			**-**		18,783
Other payable			**3,418**		-
Forbearance contingency			**25,840**		36,292
Net cash from operating activities			**175,761**		173,082
Cash Flows Used in Investing Activities:					
Purchases of software			**-**		-
Development of intangible assets			**(20,900)**		-
Net cash from investing activities			**(20,900)**		-
Cash Flows (Used in) from Financing Activities:					
Common shares issued			**2,993,639**		388,250
Common shares to be issued			**-**		-
Warrants Issued			**-**		-
Repayment of promissory notes			**(150,000)**		(180,000)
Promissory notes received			**-**		-
Issuance of bonds			**-**		-
Redemption of bonds					(105,726)
Transaction costs related to bonds			**-**		-
Net cash from financing activities			**2,843,639**		102,524
Cash increase for the period			**2,998,500**		275,606
Cash at the beginning of the period			**1,457,298**		374,804
Cash at the End of the Period		**$**	**4,455,798**	$	650,410
Supplemental Cash Flow Information					
Operating activities					
Interest received		**$**	**114,576**	$	200,140
Interest paid		**$**	**113,788**	$	104,882

Reconciliation of changes in liabilities arising from financing activities (Note 17)
Supplemental cash flow information (Note 18)

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

1. NATURE OF OPERATIONS

a. General information

MLI Marble Lending Inc. ("Marble") was incorporated as Phoenix N2N Capital Inc. under the Business Corporation Act (British Columbia) on July 7, 2015. On September 15, 2016, Marble was continued under the Canada Business Corporation Act and on December 16, 2015 changed its name from Phoenix N2N Capital Inc. to MLI Marble Lending Inc. On July 1, 2016, Marble acquired 100% of the outstanding voting common shares of TPFM The Phoenix Fund Management Ltd. ("TPFM"), 100% of the outstanding non-voting common shares of TPF The Phoenix Fund Inc. ("TPF") and 40% of the outstanding voting preferred shares of TPF for consideration of $700,000 and the issuance of 10,000,000 common shares of Marble. The consolidated companies, Marble, TPFM and TPF, which were controlled by the same shareholders since incorporation, are referred to in these consolidated financial statements as the "Group".

Target Capital Inc. ("Target") owns the remaining 60% of the voting preferred shares of TPF until March 21, 2019, when the Agreement between Target and TPF was terminated and the Group acquired the remaining 60% of the TPF preferred shares from Target for $600.

The Group's primary business activity is to help Canadians in a consumer proposal, proactively rebuild their credit by providing an unsecured loan to pay out their consumer proposal. The Group has entered into a non-exclusive loan program agreement with 4 Pillars Consulting Group Inc. ("4 Pillars"), enabling the Group to provide loans to individual clients of 4 Pillars.

The head office of the Group is located at 1202-1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3.

b. Going concern

The Group has shareholders' equity of $1,003,809 and an accumulated deficit of $5,087,976 as at March 31, 2019 (December 31, 2018 Deficit - $1,525,713 and $4,535,588) and therefore will need ongoing funding to continue its operations. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Group. If the Group is unable to obtain sufficient funding, the ability of the Group to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern accounting principle will be in significant doubt. These condensed consolidated interim financial statements have been prepared on the basis of a going concern which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments or reclassification which would be necessary if the Group were unable to continue its operations in the normal course of business.

2. BASIS OF PRESENTATION

a. Statement of compliance

The Group prepared these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting. These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 28, 2019. The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 as detailed in Note 3.

b. Basis of measurement

These consolidated financial statements are prepared on the historical cost basis, except for certain items recorded at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Group's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standard adopted

IFRS 16, Leases

The Company adopted IFRS 16 - Leases ("IFRS 16") on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets. The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption.

The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16:

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We asses weather the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset.

As a lessee, we recognize a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standard adopted (continued)

IFRS 16, Leases (continued)

Impact of transition to IFRS 16:

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. As of the initial date of application of IFRS 16, the Company has one office leases outstanding with a remaining term of under 12 months. The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases, and therefore the adoption of IFRS 16 has not had an impact on the Company's reporting.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. 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 these assumptions 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 under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods which are affected by the change in estimate.

The principal areas where critical estimates and judgments have been applied are described below:

a. Impairment losses on loans receivable

The Group regularly reviews its loans receivable for potential impairment. In determining whether an impairment loss should be recorded in the consolidated statement of loss and comprehensive loss, the group considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrower. Management uses estimates based on valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required. The estimates include future market interest rates.

b. Impairment of intangible assets

Intangible assets which are available for use and have a definite useful life are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Group will test those intangible assets for impairment. The Group tests intangible assets with an indefinite useful life and intangible assets which are not yet ready for use on an annual basis. Significant judgment is required in determining the useful lives and recoverable amounts of intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain inputs, including future cash flows and discount rates. Future cash flows are based on revenue projections and allocated costs which are estimated based on forecast results and business initiatives. Discount rates are based on the market interest rates.

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

c. Income taxes

Income tax expenses recorded in these consolidated financial statements are not final until tax returns are filed and accepted by taxation authorities. Therefore, results of operations in future reporting periods may be affected by the difference between the income tax expense estimates and the final tax assessments.

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income. The assessment is based on enacted tax acts and estimates of future taxable income.

5. ACQUISITION OF TPFM AND TPF

On July 1, 2016, Marble acquired 100% of the outstanding voting common shares of TPFM, 100% of the outstanding non-voting common shares of TPF and 40% of the outstanding voting preferred shares of TPF. As consideration, Marble issued 10,000,000 common shares and paid $700,000.

Consideration transferred:

		July 1, 2016
Issue of 10,000,000 common shares of Marble	$	(368,405)
Cash paid by Marble		700,000
Total consideration transferred	$	331,595

Net assets (liabilities) acquired:

		July 1, 2016
TPFM	$	(369,505)
TPF		1,100
Net liabilities acquired	$	(368,405)

(Expressed in Canadian Dollars)

6. **LOANS RECEIVABLE**

The Group provides loans to consumer debtors who meet the Group's evaluation criteria and who will use the borrowed funds to settle debts under formal or informal debt restructuring plans agreed upon by the creditors of the consumer debtors. To date, most of our Consumer Debtors are identified in collaboration with 4 Pillars (Note 14(c)).

The majority of the loans provided are unsecured. The loans receivable generally bear interest between 18.99% and 24.99% and mature between three and seven years.

a. Loans receivable

		March 31, 2019		December 31, 2018
Personal	**$**	**2,219,045**	$	2,531,519
Micro loans		**-**		-
Mortgages		**63,753**		82,740
Less: allowance for credit losses		**(98,849)**		(73,009)
Total loans receivable net of allowance for credit losses	**$**	**2,183,949**	$	2,541,250

b. Reconciliation of allowance for credit losses

Loans receivable that are written-off are first recovered through a draw-down of the forbearance contingency, limited to the total funds available in forbearance contingency (Note 9).

		March 31, 2019		December 31, 2018
Balance, beginning of year	**$**	**73,009**	$	228,320
Loans receivable written-off		**-**		(238,504)
Recoveries of loans receivable written-off		**25,840**		83,193
Balance, end of year	**$**	**98,849**		73,009
Individual loan allowance	**$**	**39,665**		37,705
Collective loan allowance		**59,184**		35,304
Total allowance for credit losses	**$**	**98,849**	$	73,009

c. Loans receivable individually impaired

A loan receivable is considered individually impaired when a consumer debtor has not made a payment by the contractual due date and the consumer debtor has declared bankruptcy or applied for a consumer protection, or the Group has sent the loan receivable to an external collection agency for collections.

		March 31, 2018		December 31, 2018
Personal	$	39,665	$	37,705
Less: individual allowance		(39,665)		(37,705)
Loans receivable with individual allowances for impairment	$	-	$	-

(Expressed in Canadian Dollars)

6. LOANS RECEIVABLE (CONTINUED)

d. Loans receivable past due but not impaired

A loan receivable is considered past due when a payment had not been received by the contractual due date. The following table presents the carrying values of loans that are past due but not classified as impaired because: (i) the Group is in continuous contact with the consumer debtor and the Group and the consumer debtor have established an appropriate repayment plan, or (ii) the loan receivable is secured and the fair value of the collateral is sufficient to cover the carrying value of the loan receivable.

Loans receivable that are past due but not impaired at March 31, 2019 and December 31, 2018 are as follows:

March 31, 2019	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Personal	$ -	$ -	$ 170,351	$ 170,351
Total past due but not impaired	**$ -**	**$ -**	**$ 170,351**	**$ 170,351**

December 31, 2018	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Personal	$ -	$ -	$ 228,731	$ 228,731
Total past due but not impaired	**$ -**	**$ -**	**$ 228,731**	**$ 228,731**

e. Contractual maturities

	Under 1 year	**1 – 5 years**	**Over 5 years**	**Total**
Unsecured personal loans	$ 602,883	$ 1,569,053	$ 47,109	**$ 2,219,045**
Mortgages	30,098	32,035	1,621	**63,753**
Total loans receivable	$ 632,981	$ 1,601,088	$ 48,730	**2,282,798**
Less: allowance for credit losses				**(98,849)**
Total loans receivable net of allowance for credit losses				**$ 2,183,949**

(Expressed in Canadian Dollars)

7. OFFICE FURNITURE AND EQUIPMENT

		Leasehold Improvements		Furniture		Computers		Total
Cost								
Balance, December 31, 2017	$	5,404	$	15,812	$	13,335	$	34,551
Additions		-		-		-		-
Balance, December 31, 2018		5,404		15,812		13,335		34,551
Additions		-		-		-		-
Balance, March 31, 2019	**$**	**5,404**	**$**	**15,812**	**$**	**13,335**	**$**	**34,551**
Accumulated depreciation								
Balance, December 31, 2017	$	5,404	$	7,872	$	11,115		24,391
Depreciation		-		1,946		1,611		3,557
Balance, December 31, 2018		5,404		9,818		12,726		27,948
Depreciation		-		419		83		502
Balance, March 31, 2019	**$**	**5,404**	**$**	**10,237**	**$**	**12,809**	**$**	**28,450**
Carrying amounts								
Balance, December 31, 2017	$	-	$	7,940	$	2,220	$	10,160
Balance, December 31, 2018	$	-	$	5,994	$	609	$	6,603
Balance, March 31, 2019	**$**	**-**	**$**	**5,575**	**$**	**526**	**$**	**6,101**

8. INTANGIBLE ASSETS

		Internally generated software		Trademark		Total
Cost and carrying amount						
Balance, December 31, 2017	**$**	302,629	$	17,567	$	320,196
Additions		85,555		-		85,555
Balance, December 31, 2018		388,184		17,567		405,751
Additions		20,900		-		20,900
Balance, March 31, 2019	**$**	**409,084**	**$**	**17,567**	**$**	**426,651**

9. FORBEARANCE CONTINGENCY

		March 31, 2019		December 31, 2018
Balance, beginning of period	**$**	**-**	$	-
Additions		**25,840**		124,816
Applied against credit losses		**(25,840)**		(124,816)
Balance, end of period	**$**	**-**	$	-

(Expressed in Canadian Dollars)

10. PROMISSORY NOTES

		March 31, 2019		December 31, 2018
	$	**-**	$	-
$50,000 promissory note		**50,000**		50,000
$150,000 promissory note		**-**		150,000
	$	**50,000**	$	200,000

The $50,000 promissory note issued to a third party carries interest at 8% compounded monthly and will be payable in full upon the Group completing its initial public offering and being called for trading on the Canadian Stock Exchange (Note 21).

On December 24, 2018, the Group entered into a loan agreement with the agent for the initial public offering to borrow $150,000, repayable at the earlier of December 24, 2019 and the completion of the initial public offering. An administrative fee of $3,000 and accrued interest on the principal amount at the rate of 10% per annum are both due and payable at the time of repayment of the principal amount, in each case payable at the option of the lender in cash or common shares at a deemed price of $0.20 per share. In recognition of the unsecured nature of the loan, the Group also agreed to issue a bonus of 150,000 common shares at a deemed price of $0.20 per share, which were issued to the lender on January 14, 2019.

On March 20, 2019, the Group repaid the $150,000 promissory note from the agent.

On April 23, 2019, the Group repaid the $50,000 promissory note from a third party.

11. BONDS

		March 31, 2019		December 31, 2018
10% bonds – original offering (Note 11(a))	**$**	**630,473**	$	623,918
10% bonds – amended (Note 11(b))		**3,535,323**		3,541,763
10% bonds – new offering (Note 11(b))		**250,000**		250,000
9% bonds – new offering (Note 11(c))		**918,574**		898,280
8% bonds – new offering (Note 11(c))		**138,081**		137,151
Total bonds, net of associated transaction costs		**5,472,451**		5,451,112
Bonds payable within the next year		**1,062,804**		618,434
Bonds payable after the next year	**$**	**4,409,646**	$	4,832,678

a. 10% bonds – original offering

During previous years, the Group had issued offering memoranda (the "Original Offering") for unsecured bonds of up to a maximum of 15,000 bonds at a price of $1,000 per bond, for expected total gross proceeds of $15,000,000. The minimum Original Offering of 150 bonds at a price of $1,000 per bond, for total gross proceeds of $150,000 had been reached. The Original Offering was closed on July 15, 2016 when the New Offering commenced (Note 11(c)).

At the time of purchase, subscribers elected one of the following options with respect to the 10% interest payable on the bonds:

- a bond which entitled the holder to 10% simple interest per annum, payable quarterly at the equivalent quarterly rate of 2.5% within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the bond; or
- a bond which entitled the holder thereof to 10% compound interest calculated annually and payable on the date the bonds are redeemed by the Group in accordance with the terms of the Original Offering.

11. BONDS (CONTNIUED)

a. 10% bonds – original offering (continued)

The Group or the bondholder could have provided written notice on or before August 31, 2018 (the "First 10% Redemption Notice"), of their intention to redeem some or all of the bonds, which would then have been redeemed on November 30, 2018 (the "First 10% Maturity Date"). In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the "Second 10% Maturity Date").

Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Group, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice"). Bondholders who redeem some or all of their bonds prior to the First and/or Second 10% Maturity Dates are subject to the following redemption fees:

- Early Redemption Notice received prior to November 30, 2014 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2014 and November 30, 2015 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2015 and November 30, 2016 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2016 and November 30, 2017 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2017 and November 30, 2018 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Group, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Group.

Redemption fees are deducted by the Group from the redemption amount to be paid to the bondholder.

Between January 1, 2019 and March 31, 2019, the Corporation did not redeem any bonds under the Original Offering.

b. 10% and 8% bonds – amendment

On November 15, 2018, the Group amended the terms of 10% bonds (Note 11(a)) with a total principal value of $3.08 million and 8% bonds (Note 11(c)) with a total principal value of $415,000. The maturity date of the bonds has been extended from November 30, 2018 to November 30, 2023, and principal repayments will be made in 16 equal instalments, payable on the 15th day of March, June, September and December of each year beginning on March 15, 2020. Interest on the outstanding principal shall accrue at 10% simple interest per annum and become due on a quarterly basis, beginning in December 15, 2018. On November 15, 2018, the Group further amended the repayment of interest to commence on March 15, 2019

The amendments of the bond terms became effective on March 21, 2019 when the initial public offering was completed and the Corporation became a reporting issuer.

The Group further issued $250,000 in bonds with the same terms as the amended bonds on June 26, 2018.

11. BONDS (CONTINUED)

c. 8% and 9% bonds – new offering

On July 15, 2016, the Group issued a new offering memorandum (the "New Offering") for the issue of a maximum of 50,000 unsecured bonds, at a price of $1,000 per bond, for expected total gross proceeds of $50,000,000 and comprising of 1 year 8% bonds and 3 year 9% bonds. The 8% bonds will be redeemed on the first anniversary of the date of issue to the bondholder (the "First 8% Maturity Date") and the 9% bonds will be redeemed on the third anniversary of the date of issue to the bondholder (the "First 9% Maturity Date").

At the time of purchase, the subscribers elected one of the following two options with respect to the 8% or 9% interest payable on the bonds:

- the bond will entitle the holder to 8% or 9% simple interest per annum, payable monthly at the equivalent monthly rate of 0.67% or 0.75%, respectively, within fifteen (15) business days of the end of each month, during the term of the bond; or
- the bond will entitle the holder thereof to 8% or 9% compound interest calculated annually and payable on the date the bond is redeemed by the Group in accordance with the terms of the New Offering.

The bondholder may provide written notice at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date (the "First 8% or 9% Redemption Notice"), of their intention to redeem some or all of the bonds, which will then be redeemed on the First 8% Maturity Date or the First 9% Maturity date. In the absence of written notice from the bondholder at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date, the bonds shall mature on the following dates:

- in the case of the 8% bonds, on the next occurring anniversary of the First 8% Maturity Date if at least 90 days prior to such anniversary a redemption notice has been delivered (the "Subsequent 8% Maturity Date"); and
- in the case of the 9% bonds, on the third anniversary of the First 9% Maturity Date (the "Second 9% Maturity Date").

On each Subsequent 8% Maturity Date and the Second 9% Maturity Date, the Group shall redeem all 8% bonds that have not been reinvested (that is, where the maturity date has not been extended) and all 9% bonds, respectively, outstanding on that date by payment of the principal amount of the bonds and all accrued and unpaid interest thereon. Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Group and of TPFM, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice").

8% bondholders who redeem some or all of their bonds prior to the First and/or Subsequent 8% Maturity Date are subject to a redemption fee equal to 2.5% of the principal amount of the bonds being redeemed by the Group.

9% bondholders who redeem some or all of their bonds prior to the First and/or Second 9% Maturity Date are subject to the following redemption fees:

- Early Redemption Notice received prior to the first anniversary date the bond was issued – a redemption fee equal to 6% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the first anniversary, but prior to the second anniversary, of the date the bond was issued – a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the second anniversary, but prior to the third anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group. Except where a bondholder's request is in accordance with the First 8% or 9% Redemption Notice specific above (for redemption of the First 9% Maturity Date).
- Early Redemption Notice received on or after the third anniversary, but prior to the fourth anniversary, of the date the bond was issued – a redemption fee equal to 6% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the fourth anniversary, but prior to the fifth anniversary, of the date the bond was issued – a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the fifth anniversary, but prior to the sixth anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.

(Expressed in Canadian Dollars)

11. BONDS (CONTINUED)

c. 8% and 9% bonds – new offering (continued)

Redemption fees are deducted by the Group from the redemption amount to be paid to the bondholder.

Between January 1, 2019 and March 31, 2019, the Corporation did not redeem any bonds issued under the New Offering.

12. SHARE CAPITAL

a. Authorized share capital

- An unlimited number of common shares without par value.
- An unlimited number of preferred shares without par value. As at March 31, 2019, no preferred shares have been issued.

b. Issued share capital

During the period ended March 31, 2019, the Group had the following share issuances:

I. On January 14, 2019 the Group completed a private placement of 80,000 units at a price of $0.15 per unit. Each unit consists of one common share and ½ of a common share purchase warrant. Each full warrant and $0.30 can purchase one common share for a period of one year from issuance; and

II. The Group filed a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario for, subject to regulatory approval, the sale of a minimum of 15,000,000 Units (for gross proceeds of $3,000,000) and of up to a maximum of 30,000,000 (for gross proceeds of $6,000,000) at a price of $0.20 per Unit, each Unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of $0.35 per share for a period of 12 months following the date of the closing of the offering. The Group has also granted the agent for the offering an option, exercisable in whole or in part at any time prior to the closing date, to sell up to an additional 4,500,000 Units on the same terms.

On March 20, 2019, The Group completed the initial public offering by selling 17.5 million units for 20 cents per unit raising $3.5 million gross proceeds. Each unit consists of one common share and ½ common share purchase warrant. Each full warrant and $0.35 can purchase one common share for a period of one year from issuance.

c. Share purchase options

i) During the year ended December 31, 2017, the Group granted an option for the purchase of 200,000 common shares to a consultant for services provided. The option vested immediately and is exercisable until the earlier of 10 years from the grant date or when the Group completes an initial public offering or enters into any transaction as a result of which the shares of the Group becomes listed on a recognized stock exchange.

The fair value of the options was estimated at $0.024 per share at the grant date using the Black-Scholes option pricing model. The assumptions used for the Black-Scholes option pricing model were:

	Year ended December 31, 2017
Share price	$ 0.05
Exercise price	$ 0.05
Expected share price volatility (1)	80%
Risk-free interest rate	0.78%
Expected term (years) (2)	2.50

(1) Expected share price volatility was determined on the basis of comparable public company price histories
(2) Expected term incorporates the impact of early exercise

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

c. Share purchase options (continued)

ii) During the three months ended March 31, 2019, the Group granted options for the purchase of 3,500,000 common shares to directors, employees and consultants under the Group's share purchase option plan. The options will vest as follows:

- 25% of the grant vested on March 20, 2019
- an additional 25% vests on March 20, 2020
- an additional 25% vests on March 20, 2021
- the final 25% vests on March 20, 2022
- The options expire on March 20, 2024 and each option entitles the holder to purchase a common share for $0.20.

The fair value of the options was estimated at $0.096 per share at the grant date using the Black-Scholes option pricing model. The assumptions used for the Black-Scholes option pricing model were:

	March 20, 2019
Share price	$ 0.20
Exercise price	$ 0.20
Expected share price volatility	80%
Risk-free interest rate	0.78%
Expected term (years)	2.50

During the period ended March 31, 2019, the Company recognized $88,721 (March 31, 2018 - $nil) in comprehensive loss related to options granted and vested during the period.

At March 31, 2018, 1,075,000 share purchase options were outstanding.
On April 5, 2019, 200,000 common share purchase options were exercised at $0.05 per share for gross proceeds of $10,000.

d. Share purchase warrants

i) On January 14, 2019, the Group issued 80,000 units in a private placement. Each unit consisted of one common share and one-half share purchase warrant. One share purchase warrant entitles the holder to purchase one common share of the Group at $0.30 per share until January 13, 2020.

The fair value of the warrants was estimated at $0.038 per share at the grant date using the Black-Scholes option pricing model. The assumptions used for the Black-Scholes option pricing model were:

	January 14, 2019
Share price	$ 0.20
Exercise price	$ 0.30
Expected share price volatility (1)	80%
Risk-free interest rate	1.60%
Expected term (years)	1.00

(1) Expected share price volatility was determined on the basis of comparable public company price histories

i) 2. On March 21, 2019, the Group issued 17,500,000 units in its initial public offering. Each unit consisted of one common share and one-half share purchase warrant. One share purchase warrant entitles the holder to purchase one common share of the Group at $0.35 per share until March 20, 2020.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

d. Share purchase warrants (continued)

The fair value of the warrants was estimated at $0.030 per share at the grant date using the Black-Scholes option pricing model. The assumptions used for the Black-Scholes option pricing model were:

	March 21, 2019
Share price	$ 0.20
Exercise price	$ 0.35
Expected share price volatility (1)	80%
Risk-free interest rate	1.60%
Expected term (years)	1.00

(1) Expected share price volatility was determined on the basis of comparable public company price histories

At March 31, 2019, there were 8,790,000 share purchase warrants outstanding.

13. RELATED PARTY TRANSACTIONS

Related parties of the Group include subsidiaries, key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. Key management personnel are composed of the Board of Directors and Executive Leadership Team.

a. ***Compensation***

Salaries and other short-term employee benefits paid to the Group's key management personnel were $22,503 for the three months ended March 31, 2019 (March 31, 2018 - $15,062).

b. ***Consulting fees***

Consulting fees paid to the Group's key management personnel and companies controlled by key management personnel were $51,450 for the three months ended March 31, 2019 (March 31, 2018 - $82,240). As at March 31, 2019, accounts payable and accrued liabilities included $15,750 (December 31, 2018 - $273,738) owing to key management personnel and companies controlled by key management personnel.

c. Issue of common shares

During the three months ended March 31, 2019, key management personnel and companies controlled by key management personnel did not subscribe to any shares of the Group. (March 31, 2018 – 1,486 shares for $223).

During the three months ended March 31, 2019, no common shares were issued by the Group for to companies controlled by key management personnel (March 31, 2018 – 4,849,685 shares for $242,484).

d. ***Share purchase option plan***

Related parties are participating in the Group's share purchase option plan. See note 12(c)(ii) for information on the plan. Included in comprehensive loss for the period ended March 31, 2019 is $29,634 (March 31, 2018 - $nil) related to the fair value of options vested for key management personnel.

(Expressed in Canadian Dollars)

14. COMMITMENTS

a. Operating lease commitments

The Group is obligated under a non-cancellable operating lease for rental of premises. The minimum future lease payments under the operating lease is as follows:

Years ended December 31		
2019	$	63,000

b. Marketing agreement

On February 25, 2019, the Group entered into a marketing and awareness agreement with Hybrid Financial. The agreement provides for branding distribution, marketing campaigns, which include telephone marketing, email distribution about the Company. The term of the agreement is for six (6) months for a total fee of $145,000. The Group may terminate this Agreement during the Initial Period only if Hybrid has committed certain events of bankruptcy or insolvency, has lost any registration, license or other authorization required to perform its services thereunder or is in material breach or default of provisions hereof.

Upon expiration of the initial term set out in the preceding paragraph, this Agreement shall be automatically renewed on a monthly basis. Following the Initial Period, the Company shall give written notice to terminate the Agreement or hold the services in abeyance of no less than fifteen (15) days prior to the end of a calendar month.

c. Loan program agreement

On July 30, 2018, TPFM The Phoenix Fund Management Ltd. ("TPFM") entered into a non-exclusive five year Referral Agreement with 4 Pillars Consulting Group Inc. ("4 Pillars"). The Agreement provides a commission to 4 Pillars for loan referrals that are accepted and funded by TPFM.

15. LOSS PER SHARE

The potentially dilutive shares from outstanding options and warrants have been excluded from the calculation of diluted loss per share as their effect on exercise would be anti-dilutive.

16. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to pursue the lending of loans to consumer debtors and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Group considers its capital for this purpose to be its shareholders' deficiency.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Group prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Group does not pay out dividends.

(Expressed in Canadian Dollars)

17. RISK MANAGEMENT FRAMEWORK

The Group's risk management policies are established by the Board of Directors to set appropriate risk tolerance limits. Management's responsibility is to identify and analyze the risks faced by the Group and to monitor risks and adherence to limits and implement controls. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and changes in the performance of the loans receivable.

The Group issues various fixed rate bonds to bondholders and seeks to earn an interest rate margin by investing these funds in loans receivable from consumer debtors. The Group's principal business activity results in a combined statement of financial position that consists primarily of financial instruments. The primary types of financial risk which arise from the Group's activities are credit risk, liquidity risk and market risk.

a. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to this risk through its cash held at a financial institution, interest receivable, loans receivable and other receivables. For these financial assets recognized on the combined statement of financial position, the maximum exposure to credit risk is their carrying amount.

The Group's cash is held at a reputable Canadian financial institution. The Group has not experienced any loss on these accounts, although the balances in the accounts may exceed the insurable limits. The Group considers credit risk from cash to be minimal.

The Group's interest receivable, loans receivable and other receivables are receivable from its consumer debtors. The Group's primary business activity is to provide loans to high risk individual borrowers under consumer proposals. The Group attempts to mitigate the credit risk from its consumer debtors by performing a due diligence process on the consumer debtors prior to funding the loans receivable. Consumer debtors are referred to the Group by 4 Pillars (Note 14(c)), a credit counseling company, which screens potential consumer debtors for their ability and willingness to repay their obligations and avoid bankruptcy. In addition, the Group will perform additional due diligence work which includes, but is not limited to, verifying income, monthly expenditures, assets and liabilities of the consumer debtors. In addition, after the initial loan receivable is provided to the consumer debtor the Group will continuously monitor the loan receivable. Certain of the Group's loans receivable are secured by vehicles and general security agreements over all of the current and after-acquired assets of the consumer debtor.

Concentration of credit risk exists as the majority of the consumer debtors have comparable geographical and economic characteristics. Consumer debtors are primarily considered high risk individual borrowers and reside in Canada.

Liquidity risk describes the risk that the Group will not be able to meet its current and future cash flow needs, both expected and unexpected, without materially affecting its daily operations or overall financial condition. The Group manages liquidity risk through the management of its capital structure as outlined in Note 17.

Cash flows payable under financial liabilities by remaining contractual maturities at March 31, 2019 are:

	Less than 3 months	Between 3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 790,518	$ -	$ -	$ -	$ -	$ 790,518
Interest payable	22,690	-	-	-	-	22,690
Promissory note	50,000	-	-	-	-	50,000
Bonds	39,064	1,023,741	1,189,916	3,229,578	-	5,482,299
March 31, 2019	**$ 902,272**	**$ 1,023,741**	**$ 1,189,916**	**$ 3,229,578**	**$ -**	**$ 6,345,507**

(Expressed in Canadian Dollars)

17. RISK MANAGEMENT FRAMEWORK (CONTINUED)

b. Market risk

In the normal course of its operations, the Group engages in transactions that give rise to market risk. Market risk is the risk of uncertainty arising from possible market price movements and their impact on the future performance of the Group. Market price movements could adversely affect the value of the Group's financial assets and expected future cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return for a given level of risk.

The Group's financial instruments are all fixed-rate financial assets or financial liabilities. Therefore, the Group considers its exposure to interest rate risk to be minimal.

18. RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities arising from financing activities include bonds issued, interest included in bond payable, bond transaction costs capitalized, promissory notes and advances from shareholder. A reconciliation of the changes in these liabilities are:

For periods ended		**Three months ended March 31, 2019**		**December 31 2018**
Balance, beginning of the period	**$**	**5,673,801**	$	5,533,098
Changes from financing cash flows				
Promissory notes (net)		**(150,000)**		20,000
Proceeds from bonds issuance		-		277,000
Redemption of bonds		-		(246,000)
Other changes				
Compound interest accrued to bond payable		**22,689**		26,967
Amortization of bond transaction costs		**3,283**		62,736
Balance, end of the period	**$**	**5,549,773**	$	5,673,801

19. EVENTS AFTER THE REPORTING PERIOD

April 23, 2019, the Group repaid the $50,000 promissory note from a third party.

April 5, 2019, common share options for 200,000 shares at a price of $0.05 per share were exercised for gross proceeds of $10,000.

April 2, 2019 – the Group announced the formation of its Advisory board and the addition of Mr. Blake Elyea and Mr. Rahul Petkar to its newly formed Advisory Board

On April 2, 2019, the Group entered into a Market Stabilization and Liquidity Provision Services Agreement with the Independent Trading Group Inc. The agreement provides for services to assist in establishing a fair and orderly market for the Groups' securities for a fee of $4,000 per month. Trading Group Inc. will trade shares of the Group on the Canadian Stock Exchange for the purposes of maintaining a reasonable market and improving the liquidity of the Group's common shares. The Agreement terminates on June 30, 2019 and is automatically renewed for a subsequent three months. The Agreement can be terminated by either party providing written notice to the other 30 days in advance.