CANNVAS MEDTECH INC.

(formerly Weed Point Loyalty Inc. and Vapetronix Holdings Inc.)

Interim Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2018

(Unaudited - Expressed in Canadian Dollars)

Notice to Readers

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Cannvas Medtech Inc. for the nine months ended September 30, 2018 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

Cannvas Medtech Inc.
(formerly Weed Points Loyalty Inc. and Vapetronix Holdings Inc.)
Interim Condensed Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2018	December 31, 2017
			(audited)
ASSETS			
Current assets			
Cash		$ 777,858	$ 1,229,903
Receivables	7	473,328	-
Other receivable		121,364	2,394
Prepaids	7	84,160	74,130
		1,456,710	1,306,427
Equipment	4	78,245	62,517
TOTAL ASSETS		**$ 1,534,955**	**$ 1,368,944**
LIABILITIES			
Current liabilities			
Accounts payable	7	$ 77,651	$ 25,140
Accrued liabilities		8,000	8,000
Due to PUF Ventures Inc.	5	129,662	129,662
Deferred lease recovery	10	1,020	10,202
Deferred revenue		-	12,500
TOTAL CURRENT LIABILITIES		**216,333**	**185,504**
SHAREHOLDERS’ EQUITY			
Share capital	7	5,124,074	2,113,869
Share-based payment reserve	7	272,191	2,627
Deficit		(4,077,643)	(933,056)
TOTAL SHAREHOLDERS’ EQUITY		**1,318,622**	**1,183,440**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**$ 1,534,955**	**$ 1,368,944**

Nature and continuance of operations (Note 1)
Commitments (Note 10)
Subsequent events (Note 11)

Cannvas Medtech Inc.
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Interim Condensed Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	**Three Months Ended Sept. 30, 2018**	**Three Months Ended Sept 30, 2017**	**Nine Months Ended Sept. 30, 2018**	**Nine Months Ended Sept. 30, 2017**
Revenue		$ 15,195	$ -	$ 137,120	$ -
EXPENSES					
Accounting and legal		19,669	-	44,184	-
Advertising and marketing		85,270	-	156,228	-
Amortization	4	5,596	-	15,809	-
Administrative, benefits and consultants	7	1,571,433	-	2,225,949	-
Development		-	15,000	-	50,000
Office and sundry	10	18,283	-	50,417	-
Share-based compensation	6	114,315	-	473,299	-
Travel and business development		36,782	-	267,404	-
Website costs		10,909	-	48,417	-
		1,862,257	15,000	3,281,707	50,000
Comprehensive loss for the period		**$ (1,847,062)**	**$ (15,000)**	**$ (3,144,587)**	**$ (50,000)**
Net loss per share – basic and diluted		**$ (0.05)**	**$ (0.00)**	**$ (0.08)**	**$ (0.00)**
Weighted average number of common shares outstanding		**40,634,461**	**7,000,000**	**38,385,581**	**7,000,000**

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	Note	Share capital		Share-based payment reserve	De
		Number of shares	Amount		
Balance at December 31, 2016		**7,000,000**	**$ 64,937**	**$ -**	**$ (418**
Net and comprehensive loss		-	-	-	(50,000)
Balance at September 30, 2017		**7,000,000**	**64,937**	**-**	**(468,063**
Balance at December 31, 2017		**33,456,700**	**$ 2,113,869**	**2,627**	**$ (933,056**
Issuance of common shares	7	4,261,480	1,065,370	-	
Issuance of common shares for debt	7	262,000	65,500	-	
Issuance of common shares upon exercise of options	7	1,834,281	647,912	(197,312)	
Issuance of common shares upon milestone achievement	7	3,500,000	1,225,000	-	
Share based compensation	7	-	-	473,299	-
Stock options expired	7	-	6,423	-6,423	-
Net and comprehensive loss		-	-	-	(3,144,58
Balance at September 30, 2018		**43,314,461**	**$ 5,124,074**	**$ 272,191**	**$ (4,077,64**

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

	Nine months ended Sept. 30, 2018	Sept. 30, 2017
Operating activities		
Net loss for the period	$ (3,144,587)	$ (50,000)
Adjustments for:		
Amortization	15,809	-
Share based compensation	473,299	-
Changes in non-cash working capital items:		
Receivables	(473,328)	
Other receivable	(118,970)	-
Prepaids	(10,030)	-
Accounts payable	52,511	50,000
Deferred lease recovery	(9,182)	-
Deferred revenue	(12,500)	-
Net cash flows (used in) provided by operating activities	(3,226,978)	-
Investing activities		
Purchase of equipment	(31,537)	-
Net cash flows used in investing activities	(31,537)	-
Financing activities		
Issuance of common shares, net of costs	2,806,470	-
Net cash flows used in financing activities	2,806,470	-
Change in cash	(452,045)	-
Cash, beginning	1,229,903	-
Cash, ending	**$ 777,858**	**$ -**

Non-cash transactions (Note 8)

1. NATURE AND CONTINUANCE OF OPERATIONS

Cannvas Medtech Inc.(formerly Weed Points Loyalty Inc. and Vapetronix Holdings Inc.)(the “Company”) was incorporated on November 24, 2014 pursuant to the Canada Business Corporations Act on June 23, 2017. On September 11, 2017, the name of the Company was changed from Vapetronix Holdings Inc. to Weed Points Loyalty Inc. and on December 13, 2017, the name of the Company was changed to Cannvas Medtech Inc.

On May 12, 2015, PUF Ventures Inc. (“PUF”) acquired 100% of the Company.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 8.

The Company generates minimal cash flow from operations and therefore relies upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

The Company's corporate office is located at Suite 804, 750 W Pender Street, Vancouver, British Columbia V6C 2T7.

2. BASIS OF PREPARATION

a) Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company for period ended September 30, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 27, 2018.

2. BASIS OF PREPARATION (continued)

b) Basis of consolidation

A subsidiary is an entity the Company controls when 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. These consolidated financial statements include the accounts of the Company and its Canadian wholly-owned subsidiary, 1313 Wear Ltd., Cannvas Creative Inc, and Cannvas Data Inc., incorporated in British Columbia, Canada. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

c) Presentation and functional currency

The functional currency of the parent company, is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency of the Company's Canadian subsidiary is also the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

d) Significant accounting judgments and estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year: impairment of non-financial assets.

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

i) Financial assets

The Company classifies its financial assets into categories at initial recognition, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(a) Fair value through profit or loss

This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value, with changes in fair value recognized in profit or loss. The Company has not classified any financial assets as fair value through profit or loss.

(b) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified cash and other receivable as loans and receivables.

(c) Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company has not classified any financial assets as held-to-maturity investments.

(d) Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income or loss ("OCI"). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from OCI and recognized in profit or loss. The Company has not classified any financial assets as available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

i) Financial assets (continued)

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

ii) Financial liabilities

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

(a) Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value, with changes in fair value recognized in the statement of comprehensive loss. The Company has not classified any financial liabilities as fair value through profit and loss.

(b) Other financial liabilities

This category includes all other financial liabilities which are recognized at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period. The Company has classified accounts payable and amounts due to PUF Ventures Inc. as other financial liabilities.

b) Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	**Amortization rate**
Computer equipment	33%
Furniture and fixtures	20%
Leasehold improvements	Term of lease

d) Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Share capital

i) Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

ii) Non-monetary consideration

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares.

f) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Sales revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involved with the goods, and the amount of revenue can be measured reliably. The transfer of risks and rewards occurs when the product is received by the customer.

Revenue from services is recognized when the services are rendered, using the percentage of completion method based on the actual service provided as a proportion of the total services to be performed.

g) Share-based payment transactions

The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Share-based payment transactions (continued)

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) New accounting standards and interpretations not yet adopted

The following accounting pronouncement has been released but has not yet been adopted by the Company:

IFRS 9 Financial Instruments

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 *Financial Instruments* (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is tentatively effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. This new standard has not yet been adopted and management has assessed that there will be no impact on the Company's consolidated financial statements.

(Unaudited - Expressed in Canadian Dollars)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which covers principles for reporting on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that when an entity transfers goods or services to customers, it should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from the sale of non-financial assets.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Company has determined that the adoption of this new standard will have no impact on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Cost:				
Balance, December 31, 2017	$ 18,209	$ 19,639	$ 26,570	$ 64,418
Additions	8,284	3,375	19,878	31,537
Balance, September 30, 2018	$ 26,493	$ 23,014	$ 46,448	$ 95,955
Amortization:				
Balance, December 31, 2017	$ 919	$ 982	$ -	$ 1,901
Charge for the year	5,610	2,828	7,371	15,809
Balance, September 30, 2018	$ 6,529	$ 3,810	$ 7,371	$ 17,710
Net book value:				
Balance, December 31, 2017	$ 17,290	$ 18,657	$ 26,570	$ 62,517
Balance, September 30, 2018	$ 19,964	$ 19,204	$ 39,077	$ 78,245

5. DUE TO PUF VENTURES INC.

The balance due to PUF Ventures Inc. is unsecured, non-interest bearing, and has no fixed terms of repayment (Note 8).

6. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

As at September 30, 2018 the Company has 43,314,461 shares issued and outstanding (2017 – 33,456,700).

On October 20, 2017, the Company issued 15,041,000 common shares at a price of $0.05 per share for gross proceeds of $752,050. The Company incurred share issuance costs of $75,205 related to this private placement (Note 7).

On November 29, 2017, the Company issued 5,200,000 common shares with a fair value of $260,000 for settlement of $260,000 of accounts payable.

On November 30, 2017, the Company issued 2,072,100 common shares upon exercise of stock options at a price of $0.05 for proceeds of $103,605.

On December 1, 2017, the Company issued 4,143,600 common shares at a price of $0.25 per share for gross proceeds of $1,035,093. The Company incurred share issuance costs of $78,050 related to this private placement (Note 7).

6. SHARE CAPITAL (continued)

a) Common shares (continued)

On May 4, 2018, the Company issued 4,261,480 units pursuant to a private placement at a price of $0.25 per unit for gross proceeds of $1,065,370. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.50 per share for a period of 2 years.

On May 4, 2018, the Company issued 202,000 common shares with a fair value of $50,500 for settlement of $50,500 of accounts payable.

On July 3, 2018, the Company issued 60,000 common shares with a fair value of $15,000 for settlement of $15,000 of accounts payable.

On July 3, 2018, the Company issued 1,800,000 common shares upon exercise of stock options at a price of $0.25 for proceeds of $450,000.

On July 3, 2018, the Company issued 3,500,000 common to officers for milestone achievements attained during the period.

(Unaudited - Expressed in Canadian Dollars)

b) Warrants outstanding

On May 4, 2018, the Company issued 4,261,480 warrants all of which remained outstanding as at September 30, 2018.

c) Stock options outstanding

The Company issued 3,850,000 in stock options during the first nine months ended September 30, 2018 (2017 – 2,184,100). A total of 2,024,500 in stock options remain outstanding at September 30, 2018 (2017 – 112,000).

d) Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. RELATED PARTY TRANSACTIONS

Included in receivables is $387,500 (2017 - $Nil) due from directors and officers of the Company. Included in accounts payable is $13,715 (2017 - $4,501) due to directors and officers of the Company. Included in prepaids is $34,606 (2017 - $53,333) prepaid to a company controlled by a related party. Amounts due to and due from related parties are unsecured, non-interest bearing and due on demand.

7. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with companies that are controlled by directors and related parties of the Company:

	Nine months ended	
	Sept. 30, 2018	**Sept. 30, 2017**
Administrative, Benefits and Consultants	$ 1,687,588	$ -
Development costs	-	30,000
Share-based compensation	200,048	-
	$ 1,887,636	$ 30,000

Consultants defined as personnel contracted to the company relating to Management, IT contractors, Platform Developers and related.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities along with other cash flow information as at September 30, 2017 and December 31 , 2016 are as follows:

	Sept. 30, 2018	Dec. 31, 2017
Fair value of shares issued as settlement of milestone achievements	$ 1,225,000	$ -

9. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

a) **Fair value of financial instruments**

The carrying values of cash, receivables, trade payables, and due to PUF approximate their carrying values due to the immediate or short-term nature of these instruments.

IFRS 7, Financial Instruments: Disclosures, 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 Company’s cash is measured using level 1 inputs.

9. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

b) **Financial risk management**

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

i) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

ii) **Liquidity risk**

(Unaudited - Expressed in Canadian Dollars)

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments and with property exploration and development. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at September 30, 2018 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs. The Company may need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. Liquidity risk is assessed as high.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(b) 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 foreign currency.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk. The Company's sensitivity analysis suggests that a 5% change in the absolute rate of exchange for US dollars would not significantly affect its cash position at this time.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

10. COMMITMENTS

On November 1, 2017, the Company entered into a three year office lease agreement. Future payments required under this operating lease are as follows:

2018	$ 49,263
2019	51,013
2020	43,725

(Unaudited - Expressed in Canadian Dollars)

	$ 144,001

During the nine months ended September 30, 2018, the Company recognized an expense of $25,640 (2017 – $8,162) resulting from lease payments incurred.

The Company is renting 25% of the office space to PUF Ventures Inc. During 2017, the Company received $12,243 from PUF Ventures Inc. for one year of office rental, of which $9,182 was recognized as a recovery in offices expenses and $1,020 is recognized as deferred lease recovery as at the nine months ended September 30, 2018.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the Company:

a) On October 15, 2018, the Company granted 1,360,000 stock options to officers and directors exercisable at $0.51/share for a period of 5 years. The options vest immediately on the date of grant. The options were exercised on October 22, 2018.
b) On November 6, 2018, the Company granted 630,000 stock options to various consultants and a director of the Company exercisable at $0.37/share for a period of 1 year. The options vest immediately on the date of grant. All of the options remain outstanding.

c) On November 20, 2018, the Company issued 750,000 common shares with a fair value of $236,250 to a consultant owned by an officer and director of the Company for reaching a target milestone as specified within their respective contract.