

**CANNVAS MEDTECH INC.**

**Interim Condensed Consolidated Financial Statements  
Three Months Ended March 31, 2019**

**(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 three months ended March 31, 2019 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.  
Interim Condensed Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2019	December 31, 2018
			(audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 357,054	\$ 217,505
Other receivable		1,350	20,758
Prepays	7	48,766	74,386
HST recoverable		311,168	271,745
		718,338	584,394
Equipment	4	67,783	73,381
<b>TOTAL ASSETS</b>		<b>\$ 786,121</b>	<b>\$ 657,775</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	7	\$ 31,445	\$ 56,515
Accrued liabilities	7	14,000	180,496
Deferred revenue		-	9,375
<b>TOTAL CURRENT LIABILITIES</b>		<b>45,445</b>	<b>246,386</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	8,017,591	6,505,299
Share subscriptions receivable	6, 7	(700,704)	(744,475)
Share-based payment reserve	6	724,801	321,376
Deficit		(7,301,012)	(5,670,811)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>740,676</b>	<b>411,389</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 786,121</b>	<b>\$ 657,775</b>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 9)

**Subsequent events** (Note 10)

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

	Note	Three months ended	
		March 31, 2019	March 31, 2018
Service Revenue		\$ 9,500	\$ -
		9,500	-
<b>Expenses</b>			
Accounting and legal		26,083	5,610
Advertising and marketing		66,951	111,082
Amortization		5,828	4,330
Compliance and regulatory		26,730	1,681
Consulting	7	89,598	41,030
Hosting, licenses and subscriptions		6,580	2,308
Investor relations		29,852	2,000
Office and sundry	9	20,906	28,116
Platform development		151,378	58,949
Share based compensation	6, 7	1,144,357	4,527
Travel and business development	7	71,438	119,180
		(1,639,701)	(378,813)
<b>Comprehensive loss for the year</b>		<b>\$ (1,630,201)</b>	<b>\$ (378,813)</b>
<b>Net loss per share – basic and diluted</b>		<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>		<b>47,341,563</b>	<b>33,462,700</b>

Cannvas Medtech Inc.  
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Share-based payment reserve	Share subscriptions receivable	Deficit	Total
	Number of shares	Amount				
<b>Balance at December 31, 2017</b>	<b>33,456,700</b>	<b>\$ 2,113,869</b>	<b>\$ 2,627</b>	<b>\$ -</b>	<b>\$ (933,056)</b>	<b>\$ 1,183,440</b>
Issuance of common shares upon exercise of options	12,000	600	-	-	-	600
Net and comprehensive loss	-	-	-	-	(378,813)	(378,813)
<b>Balance at March 31, 2018</b>	<b>33,468,700</b>	<b>2,114,469</b>	<b>2,627</b>	<b>-</b>	<b>(1,311,869)</b>	<b>805,227</b>
<b>Balance at December 31, 2018</b>	<b>45,424,461</b>	<b>\$ 6,505,299</b>	<b>\$ 321,376</b>	<b>\$ (744,475)</b>	<b>\$ (5,670,811)</b>	<b>\$ 411,389</b>
Issuance of common shares upon exercise of options	2,250,000	1,030,167	(422,668)	43,771	-	651,270
Issuance of common shares for debt	584,203	173,931	-	-	-	173,931
Issuance of common shares upon milestone achievement	1,000,000	300,000	-	-	-	300,000
Share based compensation	-	-	834,288	-	-	834,288
Stock options expired	-	8,194	(8,194)	-	-	-
Net and comprehensive loss	-	-	-	-	(1,630,201)	(1,630,201)
<b>Balance at March 31, 2019</b>	<b>49,258,664</b>	<b>\$ 8,017,591</b>	<b>\$ 724,802</b>	<b>\$ (700,704)</b>	<b>\$ (7,301,012)</b>	<b>\$ 740,676</b>

See accompanying notes to the consolidated financial statements

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

	Three months ended	
	March 31, 2019	March 31, 2018
<b>Operating activities</b>		
Net loss for the period	\$ (1,630,201)	\$ (378,813)
Adjustments for:		
Depreciation and amortization	5,828	4,330
Changes in non-cash working capital items:		
Other receivable	19,408	2,394
Prepays	25,620	(48,912)
HST recoverable	(39,423)	-
Accounts payable	(25,070)	48,848
Accrued liabilities	(166,496)	-
Deferred lease recovery	-	(3,060)
Deferred revenue	(9,375)	11,865
<b>Net cash flows (used in) provided by operating activities</b>	<b>(1,819,709)</b>	<b>(363,348)</b>
<b>Investing activities</b>		
Purchase of equipment	(230)	(8,031)
<b>Net cash flows used in investing activities</b>	<b>(230)</b>	<b>(8,031)</b>
<b>Financing activities</b>		
Issuance of common shares, net of costs	1,959,488	600
<b>Net cash flows used in financing activities</b>	<b>1,959,488</b>	<b>600</b>
Change in cash	139,549	(370,779)
Cash, beginning	217,505	1,229,903
<b>Cash, ending</b>	<b>\$ 357,054</b>	<b>\$ 859,124</b>
<b>Non-cash transactions:</b>		
Subscriptions receivable on exercise of stock options	\$ 520,000	\$ -
Accounts payables net-off by subscriptions receivable	402,484	-
Value transferred from reserves on exercise of stock options	422,668	-
Common shares issued for accounts payable	\$ 173,931	\$ -

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Cannvas MedTech Inc. (the "Company") was incorporated pursuant to the Canada Business Corporations Act on November 24, 2014. On June 23, 2017, the Company continued from the federal jurisdiction to the jurisdiction of British Columbia. The Company's corporate office is located at Suite 804, 750 Pender Street, Vancouver, British Columbia V6C 2T7.

On May 12, 2015, AgraFlora Organics International Inc. (formerly PUF Ventures Inc.) ("Agra"), a company listed on the Canadian Securities Exchange, acquired 100% of the Company's issued shares. At December 31, 2017, Agra owned 21% of the Company's issued shares. On January 16, 2018, Agra distributed its investment in the Company to its shareholders. The Company became a reporting issuer in British Columbia on July 3, 2018.

These condensed interim consolidated 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 Company has incurred a net loss for the period ended March 31, 2019 of \$1,630,201, and had a deficit of \$7,301,012 as at that date. 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 relies upon the issuance of securities for financing of its operations. 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 interim condensed 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 Pender Street, Vancouver, British Columbia V6C 2T7.

## **2. BASIS OF PREPARATION**

### **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 condensed interim consolidated financial statements of the Company for period ended March 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2019.

## **2. BASIS OF PREPARATION (continued)**

### **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 condensed interim consolidated financial statements include the accounts of the Company and its Canadian wholly-owned subsidiaries, 1313 Wear Ltd., incorporated in British Columbia, Canada, Cannvas Creative Inc., incorporated in British Columbia, Canada, Cannvas Data Inc., incorporated in British Columbia, Canada and Cannvas Cannabis Acquisitions Corp., incorporated in British Columbia, Canada. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

### **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.

### **Significant accounting judgments and estimates**

The preparation of these consolidated 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 consolidated 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 asset and share-based compensation.

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.

Significant judgement is required in the determination of whether the Company will continue as a going concern.



### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### *Changes in accounting policies – IFRS 9*

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

##### Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification	New classification
	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Accounts receivables	amortized cost	amortized cost
Accounts payable	amortized cost	amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

##### Measurement

##### *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

##### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in the statement of comprehensive.

##### Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### Derecognition

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### *Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

#### 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.

#### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Equipment (continued)

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

#### 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 comprehensive loss for the year.

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 comprehensive loss for the year.

#### Share capital

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.

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.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Revenue**

##### *IFRS 15 Revenue from Contracts with Customers*

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

The following is the Company's new accounting policy for revenue from contracts with customers under IFRS 15:

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.

#### **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.

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.

#### **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.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Income taxes (continued)**

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.

#### **Loss per share**

The Company presents basic and diluted earnings (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 earnings per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

#### **New accounting standards and interpretations not yet adopted**

The following new standard has been issued but not yet applied:

##### *IFRS 16 – Leases. IFRS 16 Leases will replace IAS 17 Leases*

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. 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 obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019. This standard will affect the way in which the Company accounts for its operating leases and will increase the related disclosures.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

#### 4. EQUIPMENT

	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
<b>Cost:</b>				
Balance, December 31, 2018	\$ 26,493	\$ 23,014	\$ 47,355	\$ 96,862
Additions	230	-	-	230
Balance, March 31, 2019	\$ 26,723	\$ 23,014	\$ 47,355	\$ 97,092
<b>Amortization:</b>				
Balance, December 31, 2018	\$ 8,737	\$ 4,961	\$ 9,783	\$ 23,481
Charge for the period	2,227	1,151	2,450	5,828
Balance, March 31, 2019	\$ 10,964	\$ 6,112	\$ 12,233	\$ 29,309
<b>Net book value:</b>				
Balance, December 31, 2018	\$ 17,756	\$ 18,053	\$ 37,572	\$ 73,381
Balance, March 31, 2019	\$ 15,759	\$ 16,902	\$ 35,122	\$ 67,783

#### 6. SHARE CAPITAL

##### a) Common shares

###### Authorized:

Unlimited number of common shares without par value.

###### Issued:

As at March 31, 2019 the Company has 49,258,664 shares issued and outstanding (2018 – 33,468,700).

On January 18, 2019, the Company issued 1,500,000 common shares to directors and officers of the Company on exercise of stock options for proceeds of \$420,000.

On January 18, 2019, the Company issued 58,703 common shares with a fair value of \$17,611 for settlement of \$17,611 of accounts payable to consultants.

On January 21, 2019, the Company issued 1,000,000 common shares to directors and officers of the Company for milestone achievements attained during the period.

On January 24, 2019, the Company issued 487,500 common shares with a fair value of \$146,250 for settlement of \$146,250 of accounts payable to directors and consultants.

On March 26, 2019, the Company issued 38,000 common shares to a consultant of the Company with a fair value of \$10,070 as settlement for services rendered

On March 27, 2019, the Company issued 750,000 stock options to a consultant of the Company on exercise of stock options for proceeds of \$187,500.

## 6. SHARE CAPITAL (continued)

### b) Warrants

As at December 31, 2018, the Company had outstanding warrants as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants outstanding
May 4, 2020	\$ 0.50	1.34	4,261,480

### c) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares.

The Company issued 4,287,500 in stock options during the first three months ended March 31, 2019 (2087 – 2,692,500). A total of 4,782,000 in stock options remain outstanding at March 31, 2019 (2018 – 2,734,500).

On January 14, 2019, the Company granted 1,500,000 stock options to directors and officers of the company, exercisable at \$0.28 for a period of five years. These options vest immediately on the date of grant.

On February 4, 2019, the Company granted 1,450,000 stock options to a consultant of the Company, exercisable at \$0.30 for a period of five years. 18% of the options vest on date of grant, with 12% of the options vesting ever quarter thereafter with the final quarter vesting the remaining 10%.

On February 6, 2019, the Company granted 62,500 stock options to consultants of the Company, exercisable at \$0.30 for a period of one year. 40% of the options vest on date of grant, with 20% of the options vesting every quarter thereafter.

On March 14, 2019, the Company granted 200,000 stock options to a consultant of the Company, exercisable at \$0.29 for a period of one year. These options vest immediately on the date of grant.

On March 27, 2019, the Company granted 1,000,000 stock options to directors and officers of the company, exercisable at \$0.275 for a period of five years. These options vest immediately on the date of grant.

### 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 subscriptions receivable is \$538,204 (2018 - \$681,975) due from directors and officers of the Company. Included in accounts payable is \$Nil (2018 - \$28,250) due to directors and officers of the Company. Included in prepaids is \$Nil (2018 - \$103,819) 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.

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

	Three months ended	
	March 31, 2019	March 31, 2018
Consulting fees	\$ 89,598	\$ 41,030
Travel and business development	21,000	-
	<u>\$ 110,598</u>	<u>\$ 84,750</u>

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value of financial instruments

The carrying values of cash, other receivable, accounts payable and amounts due to Agra 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.

### Financial risk management

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

#### 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.



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

Liquidity risk

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 December 31, 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.

Market risk

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

(a) Interest rate risk

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

**Capital 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 consist of equity and 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.

**9. 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:

2019	35,656
2020	40,810
	<u>\$ 76,466</u>

During the period ended March 31, 2019, the Company recognized an expense of \$11,806 (2018 - \$8,547) resulting from lease payments incurred.

**10. SUBSEQUENT EVENTS**

On May 13, 2019, the Company proposed to carry out a non-brokered private placement of up to 2,830,189 shares to purchasers at a price of \$0.265 per share, for aggregate gross proceeds of up to \$750,000.