



**GlobeX Data**®

Swiss Secure Cloud and Communications

**GLOBEX DATA LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**GLOBEX DATA LTD.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

As at

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 749,313	\$ 965,353
Receivables	14,404	7,719
Prepaid expenses	97,112	97,694
	<u>860,829</u>	1,070,766
<b>Non-current</b>		
Intangible asset	<u>2,552,573</u>	2,552,573
<b>Total Assets</b>	<b>\$ 3,413,402</b>	<b>\$ 3,623,339</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 83,751	\$ 65,338
Due to related party (Note 5)	906	646
Royalty payable (Note 3)	40,488	36,477
	<u>125,145</u>	102,461
<b>Shareholders' equity</b>		
Share capital (Note 4)	5,764,215	5,583,237
Shares subscribed (Note 4)	-	157,000
Reserves (Note 4)	534,213	534,213
Deficit	<u>(3,010,171)</u>	<u>(2,753,572)</u>
	<u>3,288,257</u>	3,520,878
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,413,402</b>	<b>\$ 3,623,339</b>

Nature of operations and going concern (Note 1)

Subsequent event (Note 8)

Approved on behalf of the Board of Directors:

"Alain Ghiai"

Director

"Henry Sjöman"

Director

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

**GLOBEX DATA LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian Dollars)

	<b>Three months ended March 31, 2020</b>	Three months ended March 31, 2019
<b>REVENUE</b>	<b>\$ 7,374</b>	\$ 9,542
<b>EXPENSES</b>		
Accounting and audit (Note 5)	9,248	-
Consulting fees (Note 5)	64,194	14,267
Legal	431	389
Marketing	42,055	-
Office and administration	12,762	8,741
Rent	8,573	7,994
Royalty (Note 3)	737	955
Software maintenance (Note 5)	85,523	170,409
Transfer agent and filing fees	7,572	9,740
Travel	30,566	11,375
	<b>(261,661)</b>	<b>(223,870)</b>
<b>OTHER ITEMS</b>		
Interest income	2,476	1,347
Loss on foreign exchange	(4,788)	(133)
	<b>(2,312)</b>	<b>1,214</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (256,599)</b>	<b>\$ (213,114)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>53,376,204</b>	<b>45,420,193</b>

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

**GLOBEX DATA LTD.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Shares Subscribed</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Shareholders' Equity</b>
Balance, December 31, 2018	45,256,682	\$ 4,166,500	\$ 87,280	\$ 206,818	\$(1,629,982)	\$ 2,830,616
Shares issued	1,471,600	367,900	(87,280)	-	-	280,620
Net loss for the period	-	-	-	-	(213,114)	(213,114)
<b>Balance, March 31, 2019</b>	<b>46,728,282</b>	<b>\$ 4,534,400</b>	<b>\$ -</b>	<b>\$ 206,818</b>	<b>\$(1,843,096)</b>	<b>\$ 2,898,122</b>
Balance, December 31, 2019	52,420,282	\$ 5,583,237	\$ 157,000	\$ 534,213	\$(2,753,572)	\$ 3,520,878
Shares issued	1,225,196	183,779	(157,000)	-	-	26,779
Share issue costs	-	(2,801)	-	-	-	(2,801)
Net loss for the period	-	-	-	-	(256,599)	(256,599)
<b>Balance, March 31, 2020</b>	<b>53,645,478</b>	<b>\$ 5,764,215</b>	<b>\$ -</b>	<b>\$ 534,213</b>	<b>\$(3,010,171)</b>	<b>\$ 3,288,257</b>

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

**GLOBEX DATA LTD.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

	2020	2019
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss	\$ (256,599)	\$ (213,114)
Changes in non-cash working capital items:		
Receivables	(6,685)	(1,604)
Prepaid expenses	582	(8,939)
Accounts payable and accrued liabilities	44,592	(63,571)
Due to related party	260	(29,006)
Royalty payable	4,011	182
Cash used in operating activities	(213,839)	(316,052)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued for cash	600	280,620
Share issue costs	(2,801)	-
Deferred financing costs	-	(3,409)
Cash provided by financing activities	(2,201)	277,211
<b>Change in cash</b>	<b>(216,040)</b>	<b>(38,841)</b>
<b>Cash, beginning</b>	<b>965,353</b>	<b>327,182</b>
<b>Cash, end</b>	<b>\$ 749,313</b>	<b>\$ 288,341</b>
<b>Cash paid for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental cash flow information:</b>		
Cash received for interest	\$ 2,476	\$ -

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

## **GLOBEX DATA LTD.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

##### a) Nature of operations

GlobeX Data Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 1, 2017. The Company has been engaged in the business of a marketing and distributor of a full suite of cloud-based storage, document management, and secure communication tools. The Company acquired GlobeX Data, Inc. and during the year ended December 31, 2019 completed its initial public offering (“IPO”). The Company’s common shares and tradeable warrants were listed on the Canadian Securities Exchange (“CSE”) effective July 22, 2019 under the symbols “SWIS” and “SWIS.WT”, respectively. On November 5, 2019, the Company’s common shares began trading on the OTCQB Venture Market with the trading symbol SWISF.

The Company’s head office and principal address is located at First Canadian Place, 100 King Street West, Suite 5600, Toronto, ON, Canada, M5X 1C9 and the registered and records office is located at 595 Howe Street, Suite 704, Vancouver, BC, Canada, V6C 2T5.

##### b) Going concern

The Company incurred a net loss of \$256,599 during the period ended March 31, 2020. As at March 31, 2020 the Company had a working capital surplus of \$735,684 (December 31, 2019 - \$968,305) and an accumulated deficit of \$3,010,171 (December 31, 2019 - \$2,753,572). The operating and cash flow results raise uncertainty about the ability of the Company to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. The above facts indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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

These consolidated financial statements were authorized for issue by the Board of Directors on May 19, 2020.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of compliance to International Financial Reporting Standards**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

##### **Basis of presentation**

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2019.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended December 31, 2019.

**Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

**Basis of Consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's share capital. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements include the financial statements of the Company and its significant subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
GlobeX Data, Inc.	USA	100%	Secure Data Management and Communications

**3. ROYALTY PAYABLE**

The intangible asset is represented by a license agreement that GlobeX Data, Inc. holds with GlobeX Data S.A., a company with a common director, whereby a royalty of 10% of all contractual sales arising in the licensed territories from its secure cloud document management and secure communication services would be payable. The agreement is in perpetuity.

During the period ended March 31, 2020, the Company accrued royalty expenses amounting to \$737 (2019 - \$955).

As at March 31, 2020, \$40,488 (December 31, 2019 - \$36,477) were payable to GlobeX Data S.A. pursuant to the agreement.



**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

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**4. SHARE CAPITAL**

The Company has authorized an unlimited number of common shares and preferred shares. No preferred shares have been issued.

During the period ended March 31, 2020, the Company

- a) Closed a private placement consisting of 1,225,196 units at a price of \$0.15 per unit for proceeds of \$183,779 (of which \$157,000 was received during the year ended December 31, 2019). Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of \$0.20 per share for two years. 35,000 units were issued to an officer of the Company.

During the year ended December 31, 2019, the Company:

- b) Issued 1,471,600 common shares in a private placement at a price of \$0.25 per share for proceeds of \$367,900 (of which \$87,280 was received during the year ended December 31, 2018). 120,000 common shares were issued to an officer of the Company.
- c) Completed its IPO of 5,692,000 units at a price of \$0.25 per unit ("Unit") for gross proceeds of \$1,423,000. Each Unit is comprised of one common share and one tradeable warrant ("Warrant"). Each tradeable Warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 for three years from the date of closing of the IPO ("Closing"). The Company issued agent's warrants to purchase a total of 455,360 common shares at a fair value of \$89,303 exercisable at \$0.25 for three years from Closing. The Company incurred \$295,860 of share issue costs in relation to the IPO (December 31, 2018 – deferred financing costs of \$87,644).
- d) Received \$157,000 of share subscriptions towards a future share issuance.

**Escrow Shares**

Following the closing of the IPO, the Company had an aggregate of 31,960,001 common shares held in escrow pursuant to the escrow agreement dated May 8, 2019. The shares are subject to a 10% release on the Listing Date (July 22, 2019), with the remaining escrowed securities being released in 15% tranches every 6 months thereafter. As at March 31, 2020, there were 23,970,001 shares remaining in escrow.

**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**4. SHARE CAPITAL (cont'd...)**Stock Options

The Company adopted a stock option plan on April 30, 2018. The stock option plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. The exercise price of option grants will be determined by the Board of Directors, but after listing on the CSE, will not be less than the closing market price of the common shares on the CSE less allowable discounts at the time of grant. All options granted under the stock option plan will expire not later than the date that is ten years from the date that such options are granted.

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2018	1,600,000	0.25
Granted	1,810,000	0.20
<b>Outstanding and exercisable, December 31, 2019 and March 31, 2020</b>	<b>3,410,000</b>	<b>0.22</b>

The weighted average remaining contractual life of the options at March 31, 2020 is 3.65 years (year ended December 31, 2019 – 4.10 years).

Additional information regarding stock options outstanding as at March 31, 2020 is as follows:

Exercise price	Number of options	Expiry Date
\$ 0.25	350,000	May 11, 2021
0.20	20,000	May 11, 2021
0.25	1,250,000	April 30, 2023
0.20	1,740,000	October 10, 2024
0.20	50,000	October 15, 2024
	<b>3,410,000</b>	

During the period ended March 31, 2020, the Company granted nil (year ended December 31, 2019 - 1,810,000) stock options with a fair market value of \$nil (year ended December 31, 2019 - \$238,092) or \$nil (year ended December 31, 2019 - \$0.13) per option which was charged to operations. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	<b>Period ended March 31, 2020</b>	Year ended December 31, 2019
Exercise price	-	\$ 0.20
Risk-free interest rate	-	1.40%
Expected life (in years)	-	5
Expected volatility	-	81%

The expected volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

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**4. SHARE CAPITAL (cont'd...)**Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding at inception and December 31, 2018	-	-
Granted	6,147,360	0.71
Outstanding, December 31, 2019	6,147,360	0.71
Granted	1,225,196	0.20
<b>Outstanding, March 31, 2020</b>	<b>7,372,556</b>	<b>0.63</b>

The weighted average remaining contractual life of the warrants at March 31, 2020 is 2.22 years (year ended December 31, 2019 – 2.56 years).

Additional information regarding warrants outstanding as at March 31, 2020 is as follows:

Exercise price	Number of warrants	Expiry Date
\$ 0.75	5,692,000	July 22, 2022
\$ 0.25	455,360	July 22, 2022*
\$ 0.20	1,225,196	January 17, 2022
	<b>7,372,556</b>	

\*Agent's warrants

During the period ended March 31, 2020, the Company granted nil (year ended December 31, 2019 - 455,360) agent's warrants with a fair market value of \$nil (year ended December 31, 2019 - \$89,303) or \$nil (year ended December 31, 2019 - \$0.20) per warrant which was charged to share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the warrants assuming no expected dividends or forfeitures:

	<b>Period ended March 31, 2020</b>	Year ended December 31, 2019
Stock price	-	\$ 0.25
Risk-free interest rate	-	1.43%
Expected life (in years)	-	3
Expected volatility	-	142%

Expected volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility.

**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

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**5. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the period ended March 31, 2020, the Company incurred \$nil (2019 - \$3,000) in consulting fees to a company controlled by a director.

During the period ended March 31, 2020, the Company incurred \$9,248 (2019 - \$nil) in accounting fees to an accounting firm in which an officer of the Company is a partner. As at March 31, 2020, there was \$906 (December 31, 2019 - \$646) owing to this firm. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

On May 7, 2017, the Company entered into a license agreement with GlobeX Data S.A., which has a common director, in which the Company obtained the right to market Secure Cloud Storage and Secure Communications Solutions to companies and individuals. During the period ended March 31, 2020, the Company paid software maintenance of \$nil (2019 - \$56,299) to GlobeX Data S.A.

**6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, royalty payable and due to related parties approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) *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. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

**GLOBEX DATA LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

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**6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)***(b) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

*(c) Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

*(d) Currency risk*

A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure, but has no hedge positions.

The Company is exposed to currency risk on fluctuations related to cash, accounts payable and accrued liabilities and royalty payable that are denominated in US dollars. At March 31, 2020, a 10% change in the value to the US dollar as compared to the Canadian dollar would not have a significant effect on net loss.

*(e) Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

**7. CAPITAL DISCLOSURE AND MANAGEMENT**

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the year.

**GLOBEX DATA LTD.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

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**8. SUBSEQUENT EVENT**

Subsequent to March 31, 2020, the Company closed a private placement consisting of 851,053 units at a price of \$0.12 per unit for proceeds of \$102,126. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional share at a price of \$0.13 per share for one year. 50,000 units were issued to an officer of the Company.