RADIAL RESEARCH CORP.

Financial Statements
For the year ended May 31, 2019 and the 339-day period ended May 31, 2018
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RADIAL RESEARCH CORP.

Opinion
We have audited the financial statements of Radial Research Corp. (the "Company"), which comprise the statements of financial position as at May 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended May 31, 2019 and the 339-day period ended May 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and 2018, and its financial performance and its cash flows for the year ended May 31, 2019 and the 339-day period ended May 31, 2018 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $173,035 during the year ended May 31, 2019 and, as of that date, the Company has a deficit of $307,482. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 20, 2019

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RADIAL RESEARCH CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at		**May 31, 2019**		**May 31, 2018**
Assets				
Current				
Cash and cash equivalents (Note 5)	$	442,632	$	164,803
Prepaids		-		22,875
Accounts receivable		5,564		750
		448,196		188,428
Intangible asset (Note 7)		168,000		216,000
	$	616,196	$	404,428
Liabilities and Shareholders' Equity				
Liabilities				
Current				
Accounts payable and accrued liabilities (Notes 8 and 11)	$	13,788	$	44,485
Shareholders' Equity				
Common Shares (Note 4)		874,890		494,390
Options Reserve (Note 4)		15,000		-
Warrants Reserve (Note 4)		20,000		-
Deficit		(307,482)		(134,447)
		602,408		359,943
	$	616,196	$	404,428

Approved by on behalf of the Board:

Peter Smith (signed)
Peter Smith, Director

Guy Pinsent (signed)
Guy Pinsent, Director

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

RADIAL RESEARCH CORP.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended May 31, 2019		339-Day Period Ended May 31, 2018
Operating Expenses				
General and administrative (Note 8)	$	88,113	$	1,290
Amortization (Note 7)		48,000		24,000
Professional fees (Note 8)		22,696		10,000
Share-based payments (Notes 4 and 8)		15,000		-
Research and development		3,611		101,856
Foreign exchange		(4,385)		(2,699)
Net Loss and Comprehensive Loss for Period	$	173,035	$	134,447
Basic and Diluted Loss per Share	$	0.01	$	0.02
Weighted Average Number of Common Shares Outstanding		21,150,372		8,521,669

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

RADIAL RESEARCH CORP.

Statements of Changes in Shareholders' Equity
For the Year Ended May 31, 2019 and the 339-day Period Ended May 31, 2018
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Common shares	Options Reserve	Warrants Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance, June 26, 2017 (Incorporation)	1	1	-	-	-	1
Common shares cancelled	(1)	(1)	-	-	-	(1)
Common shares issued for cash (Note 4)	6,232,564	254,390	-		-	254,390
Common shares issued for intangible asset (Notes 4 and 7)	12,000,000	240,000	-	-	-	240,000
Net loss for the period	-	-	-	-	(134,447)	(134,447)
Balance, May 31, 2018	18,232,564	494,390	-	-	(134,447)	359,943
Common shares issued for cash (Note 4)	5,000,000	500,000	-	-	-	500,000
Share issuance costs (Note 4)	-	(119,500)	-	20,000	-	(99,500)
Share-based payments (Note 4)	-	-	15,000	-	-	15,000
Net loss for the year	-	-	-	-	(173,035)	(173,035)
Balance, May 31, 2019	23,232,564	874,890	15,000	20,000	(307,482)	602,408

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

RADIAL RESEARCH CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year Ended May 31, 2019		339-Day Period Ended May 31, 2018
Cash Provided by (Used in)				
Operating Activities				
Net loss	$	(173,035)	$	(134,447)
Item not affecting cash:				
Amortization		48,000		24,000
Share-based payments		15,000		-
Changes in non-cash working capital items:				
Prepaids		-		(22,875)
Accounts receivable		(4,814)		(750)
Accounts payable and accrued liabilities		(30,697)		44,485
		(145,546)		(89,587)
Financing Activity				
Issuance of common shares, net of share issuance cost		423,375		254,390
Outflow of Cash and Cash Equivalents		277,829		164,803
Cash and Cash Equivalents, Beginning of Period		164,803		-
Cash and Cash Equivalents, End of Period	$	442,632	$	164,803

Supplemental disclosure of non-cash transactions:

Common shares issued for intangible asset	$	Nil	$	240,000
Finders' warrants – included in share issuance costs	$	20,000	$	Nil
Share issuance costs previously included in prepaids	$	22,875	$	Nil
Amounts paid for interest	$	Nil	$	Nil
Amounts paid for taxes	$	Nil	$	Nil

There were no cash investing activities during the year ended May 31, 2019 and the 339-day period ended May 31,2018.

1. NATURE OF OPERATIONS AND GOING CONCERN

Radial Research Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on June 26, 2017. On October 29, 2018, the Company completed its initial public offering ("IPO") (Note 4) and is now publicly traded on the Canadian Securities Exchange ("CSE") under the ticker RAD. The Company's business is developing a language learning technology application for smartphones.

The Company's registered and records office and principal place of business is 1090 West Georgia Street, Suite 600, Vancouver, British Columbia, V6E 3V7.

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. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption as the Company is in the development stage and has not generated any revenues. As at May 31, 2019, the Company has a deficit of $307,482 (2018 - $134,447) and for the year then ended, incurred a net loss of $173,035 (339-day period ended May 31, 2018 - $134,447). The Company's continuing operations as intended are dependent upon the Company's ability to obtain necessary financing to commercialize its technology. Should the Company fail to commercialize its technology, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to realize the carrying value of its net assets. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the financial statements

These financial statements were authorized for issue by the Audit Committee and Board of Directors on September 20, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents comprises cash and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

(b) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss or measured at fair value through other comprehensive income.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash and cash equivalents as fair value through profit and loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured as amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to deficit when the financial instrument is derecognized or its fair value substantially decreases.

There are no financial assets classified as measured as FVTOCI.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities included accounts payable and accrued liabilities and are classified as measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of these instruments.

(c) Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(d) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(f) Research and development

The Company incurs costs on activities that relate to research and development of new products. Research and development costs are expensed, except in cases where development costs meet certain identifiable criteria for deferral, including technical and economic feasibility. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Deferred development costs are amortized over the life of related commercial production, or in the case of serviceable property and equipment, are included in the appropriate property group and are depreciated over its estimated useful life. As at May 31, 2019, the Company has not capitalized any research and development costs.

(g) Intangible assets

Recognition and measurement
Intangible assets include technology acquired by the Company and have finite useful lives and measured at cost less accumulated amortization and any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Subsequent expenditure
Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relates. All other expenditures are recognized in profit or loss as incurred.

Amortization
Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follows:

Intellectual Property	5 years

(h) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any).

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use. 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 is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) 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 application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Use of estimates and judgments (Continued)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Critical Judgments

Intangible assets

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Research and development expenditures

Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as at May 31, 2019.

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Recoverability of deferred tax 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 tax authorities, which occurs subsequent to the issuance of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Use of estimates and judgments (Continued)

Significant estimates and assumptions

Expected useful life of intangible asset

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. Management estimates that intangible assets acquired will have a useful life of 5 years. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Inputs to the Black-Scholes option pricing model

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(j) Foreign currency translation

The functional and presentation currency of the Company is the Canadian dollar. Transactions denominated in a currency other than an entity's functional currency are translated as follows: unsettled monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the date of the statement of financial position and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in profit or loss.

(k) Share-based payments

The Company has a stock option plan that is described in note 4 and grants share options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments granted. Share-based payments are measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to options reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related options reserve is transferred to share capital. For those options that expire, the recorded fair value in options reserve is transferred to deficit.

4. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

As of May 31, 2019, the total issued and outstanding share capital consists of 23,232,564 common shares.

On October 29, 2018, the Company completed its IPO and issued 5,000,000 common shares of the Company at $0.10 per common share for gross processed of $500,000. In connection with this offering, the Company paid $99,500 in cash share issuance costs and issued 400,000 agent warrants with a total fair value of $20,000. Each agent warrant entitles the holder to purchase one common share of the Company at $0.10 per share for a period of 24 months.

On December 29, 2017, the Company issued 4,324,636 common shares of the Company at $0.05 per common share for total proceeds of $216,232.

On December 22, 2017, the Company issued 12,000,000 common shares of the Company at $0.02 per common share for total fair value of $240,000 to acquire assets related to intangible assets (Note 7).

On December 21, 2017, the Company issued 1,907,928 common shares of the Company at $0.02 per common share for total proceeds of $38,158.

On June 26, 2017, the Company issued 1 incorporation common share for $0.01 and subsequently cancelled the common share on December 21, 2017.

(c) Escrow shares

As at May 31, 2019, the Company had 10,430,947 (2018 – nil) shares held in escrow. Under the escrow agreement, 10% of the total shares were released upon listing with the Canadian Securities Exchange (“CSE”) and 15% of the remaining shares would be released every six months following listing. The last release occurred on April 29, 2019. The next release is scheduled on October 29, 2019.

<u>Stock Options</u>

The Company has adopted a stock option plan (the “Plan”) pursuant to which it may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares of the Company and is the basis for the Company’s long term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company’s common shares on the exchange. The options have a maximum term of 5 years from date of issue.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (Continued)

The following is a summary of the changes in the Company's stock option plan for the year ended May 31, 2019 and the 339-day period ended May 31, 2018:

	Year Ended May 31, 2019		339-Day Period Ended May 31, 2018	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding, beginning of period	-	-	-	-
Granted	500,000	0.10	-	-
Outstanding and exercisable, end of period	500,000	0.10	-	-

On June 1, 2018, the Company granted stock options to purchase an aggregate of 500,000 common shares to management, directors and consultants at an exercise price of $0.10 for a term of 5 years.

The weighted average fair value of the options was estimated at $0.03 per option at the grant date using the Black-Scholes Pricing Model using the following assumptions: no expected dividends to be paid; volatility of 100% based on comparable companies without a historical volatility; risk-free interest rate of 2%; and expected life of 5 years.

Number of options outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
500,000	$0.10	June 1, 2023	4.01

Share Warrants

	Year Ended May 31, 2019		339-Day Period Ended May 31, 2018	
	Number of share purchase warrants	Weighted average exercise price $	Number of share purchase warrants	Weighted average exercise price $
Outstanding, beginning of period	-	-	-	-
Issued – agent warrants	400,000	0.10	-	-
Outstanding, end of period	400,000	0.10	-	-

4. SHARE CAPITAL (Continued)

The weighted average fair value of the agent warrants was estimated at $0.05 per warrant at the grant date using the Black-Scholes Pricing Model using the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 2%; and expected life of 2 years.

Number of warrants outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
400,000	$0.10	October 29, 2020	1.42

5. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash and cash equivalents. The Company limited exposure to credit risk by maintaining its cash and cash equivalents in trust with large financial institutions in Canada. The Company's cash and cash equivalents at May 31, 2019 and 2018 are as follows:

		2019		2018
Cash held in bank accounts	$	142,632	$	164,803
Term deposits		300,000		-
	$	442,632	$	164,803

As at May 31, 2018, the Company had $300,000 (2018 - $nil) invested in Canadian dollar denominated redeemable guaranteed investment certificates with a term of less than 12-months.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at May 31, 2019, the Company has sufficient funds to meet its obligations of $13,788 (2018 - $44,485). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to further develop its language learning technology.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

7. INTANGIBLE ASSET

	$
COST	
Balance, June 26, 2017 (incorporation)	-
Additions	240,000
Balance, May 31, 2018	240,000
Additions	-
Balance, May 31, 2019	240,000
AMORTIZATION	
Balance, June 26, 2017 (incorporation)	-
Charge for the period	24,000
Balance, May 31, 2018	24,000
Charge for the year	48,000
Balance, May 31, 2019	72,000
NET BOOK VALUE	
Balance, June 26, 2017 (incorporation)	-
Balance, May 31, 2018	216,000
Balance, May 31, 2019	168,000

The intangible asset consists of intellectual property for the language learning technology application acquired from a third party (Note 4).

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (Continued)

The remuneration of key management for the year ended May 31, 2019 and the 339-day period ended May 31, 2018 are as follows:

	2019 $	2018 $
Legal	12,496	-
Consulting	27,964	-
Share-based payments	15,000	-
	55,460	-

As at May 31, 2019, the Company had $3,225 (2018 - $nil) due to related parties included in accounts payable and accrued liabilities. Interest is not charged on outstanding balances and there are no specified terms of repayment.

9. INCOME TAXES

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	2019	2018
Net loss	$ (173,035)	$ (134,447)
Statutory rates	27.00%	27.00%
Income tax recovery at statutory rate	(46,719)	(36,301)
Effect of change in tax rates	-	-
Items not deductible for tax purposes	2,866	-
Benefit of tax losses not recognized	43,853	36,301
Income tax expense	$ -	$ -

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at May 31, 2019, the Company has not recognized the benefit of the following deductible temporary differences:

	2019	2018
Intangible asset	$ 72,000	$ 24,000
Share issuance costs	$ 79,600	$ -
Non-capital loss carry forward	$ 244,700	$ 110,400

As at May 31, 2019, the Company has $244,700 (2018 - $110,400) in estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. The non-capital losses expire in 2038 to 2039.

10. SEGMENTED INFORMATION

The Company's business consists of one reportable segment and all of the Company's assets are located in Canada. The Company is currently developing a language learning technology application for smartphones.

11. SUBSEQUENT EVENTS

On June 3, 2019, 5,625 agent warrants were exercised at an exercise price of $0.10 per warrant.

On August 19, 2019, the Company issued a $500,000 convertible debenture to a third party (the "Debenture"). The Debenture bears interest at 5% per annum and is convertible into 3,333,333 at a per share price of $0.15 at any time up to the maturity date of August 20, 2021.

On August 19, 2019, the Company granted stock options to purchase an aggregate of 100,000 common shares to a consultant of the Company at an exercise price of $0.17 for a term of 5 years.