



Financial Statements

Three Months Ended August 31, 2019

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

The accompanying unaudited condensed interim financial statements of Dimension Five Technologies Inc. for the three months ended August 31, 2019, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Dimension Five Technologies Inc.
Statements of Financial Position
Expressed in Canadian Dollars
(Unaudited – prepared by management)

| | August 31, 2019 | May 31, 2019 |
|---|----------------------------------|-------------------|
| Assets | | |
| Current | | |
| Cash | \$ 39,772 | \$ 36,081 |
| Guaranteed investment certificates (Note 4) | 228,750 | 278,750 |
| Interest receivable (Note 4) | 1,582 | 1,147 |
| GST receivable | 763 | 390 |
| Prepaid expenses | - | 5,500 |
| | <u>270,867</u> | <u>321,868</u> |
| Non-current | | |
| Intangible assets (Notes 3, 5, 7 and 9) | <u>300,000</u> | 300,000 |
| | <u>\$ 570,867</u> | <u>\$ 621,868</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 30,257 | \$ 2,924 |
| Deferred App development funds (Note 7) | 26,079 | 28,374 |
| | <u>56,336</u> | <u>31,298</u> |
| Equity | | |
| Share capital (Notes 8 and 9) | 838,828 | 838,828 |
| Reserves (Note 8) | 15,000 | 15,000 |
| Deficit | <u>(339,297)</u> | <u>(263,258)</u> |
| | <u>514,531</u> | <u>590,570</u> |
| | <u>\$ 570,867</u> | <u>\$ 621,868</u> |

Nature of operations and continuance of operations (Note 1)
Contingency (Note 10)

On behalf of the Board:

“Chris Parr” _____, Director

“David Hodge” _____, Director

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

Dimension Five Technologies Inc.
Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars
(Unaudited – prepared by management)

| | For the three months ended August 31, 2019 | For the three months ended August 31, 2018 |
|---|---|---|
| Revenue | | |
| License fees (Notes 3 and 9) | \$ 30,000 | \$ 20,000 |
| Expenses | | |
| App maintenance | 28,941 | 21,033 |
| General and administrative (Note 11) | 78,245 | 39,402 |
| | 107,186 | 60,435 |
| Loss before other item | 77,186 | 40,435 |
| Other item | | |
| Interest and other income | 1,147 | - |
| Net loss and comprehensive loss for the period | \$ 76,039 | \$ 40,435 |
| Basic and diluted loss per share | \$ (0.01) | \$ (0.00) |
| Weighted average number of common shares outstanding | 23,078,001 | 15,183,968 |

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

Dimension Five Technologies Inc.
Statement of Changes in Equity
Expressed in Canadian Dollars
(Unaudited – prepared by management)

| | Share Capital | | Shares to be issued | Reserves | Deficit | Total Equity |
|---|---------------------|-------------------|------------------------|-------------|--------------------|-------------------|
| | Number of Shares | Amount | | | | |
| Balance, May 31, 2018 | 1 | \$ 1 | \$ 320,300 | \$ - | \$ (18,339) | \$ 301,962 |
| Shares issued for cash | 13,078,000 | 545,900 | (320,300) | - | - | 225,600 |
| Shares issued as consideration for purchase of intangible assets (Note 9) | 10,000,000 | 300,000 | - | - | - | 300,000 |
| Finder's fees | - | (7,073) | - | - | - | (7,073) |
| Net loss for the period | - | - | - | - | (40,435) | (40,435) |
| Balance, August 31, 2018 | 23,078,001 | \$ 838,828 | \$ - | \$ - | \$ (58,774) | \$ 780,054 |

| | Share Capital | | Shares to be issued | Reserves | Deficit | Total Equity |
|---------------------------------|---------------------|-------------------|------------------------|------------------|---------------------|-------------------|
| | Number of Shares | Amount | | | | |
| Balance, May 31, 2019 | 23,078,001 | \$ 838,828 | \$ - | \$ 15,000 | \$ (263,258) | \$ 590,570 |
| Net loss for the period | - | - | - | - | (76,039) | (76,039) |
| Balance, August 31, 2019 | 23,078,001 | \$ 838,828 | \$ - | \$ 15,000 | \$ (339,297) | \$ 514,531 |

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

Dimension Five Technologies Inc.
Statements of Cash Flows
Expressed in Canadian Dollars
(Unaudited – prepared by management)

| | For the three months ended August 31, 2019 | For the three months ended August 31, 2018 |
|--|---|---|
| Operating Activities | | |
| Net loss for the period | \$ (76,039) | \$ (40,435) |
| Changes in non-cash working capital: | | |
| Interest receivable | (435) | - |
| GST receivable | (373) | (15,389) |
| Prepaid expenses | 5,500 | (4,417) |
| Accounts payable and accrued liabilities | 27,333 | 17,633 |
| Deferred App development funds | (2,295) | - |
| Cash used in operating activities | (46,309) | (42,608) |
| Investing Activities | | |
| Purchase of guaranteed investment certificates | - | (28,750) |
| Redemption of guaranteed investment certificate | 50,000 | - |
| Cash provided by (used in) investing activities | 50,000 | (28,750) |
| Financing Activities | | |
| Proceeds from share issuance | - | 225,600 |
| Share issue costs | - | (7,073) |
| Cash provided by financing activities | - | 218,527 |
| Change in cash during the period | 3,691 | 147,169 |
| Cash, beginning of period | 36,081 | 302,094 |
| Cash, end of period | \$ 39,772 | \$ 449,263 |
| Supplementary Information | | |
| Shares issued as consideration for purchase of intangible assets | - | 300,000 |

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

Dimension Five Technologies Inc.
Notes to the Financial Statements
For the three months ended August 31, 2019 and 2018
Expressed in Canadian Dollars
(Unaudited – prepared by management)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Dimension Five Technologies Inc. (the “Company”) was incorporated in the Province of British Columbia on January 10, 2018, under the Business Corporations Act of British Columbia. The Company’s primary business is the development and monetization of its online and mobile Investorbase software application (“the App”). On February 12, 2019, the Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “DFT.”

The head office and principal address are located at Suite 1450, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2 and the registered and records office of the Company is located at 885 West Georgia Street, Suite 900, Vancouver, BC, Canada V6C 3H1.

These financial statements have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has a deficit of \$339,297 since inception and negative operating cash flows. The continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to meet the Company’s operating commitments as they come due. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern.

These audited financial statements were authorized for issue by the Board of Directors on October 9, 2019.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified at fair value (see Note 3). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

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 and related disclosure during the reporting period. Judgement is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates and assumptions include:

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

- The determination of the fair value of common shares issued as consideration for the purchase of the App.
- The determination that the Company will continue as a going concern for the next year.

Assessment of impairment indicators

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. The information considered in assessing whether there is an indicator of impairment or impairment reversal includes, but is not limited to, the factors listed under "Intangible assets" below.

Intangible assets

Intangible assets consist of the App's mobile application front end, back end, website, and platform developed in-house or acquired externally. See Note 5.

Intangible assets acquired separately are initially recognized at cost. The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: i) the technical feasibility of completing the intangible assets so that it will be available for use or sale; ii) its intention to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

The accounting for an intangible asset is based on its useful life. Intangible assets with a finite useful life are amortized over their estimated useful life. Intangible assets with an indefinite useful life are not amortized. Intangible assets under development which are not ready for use are not amortized. The amortization method, estimated useful life, carrying value and residual value are reviewed each financial year-end or more frequently if required, and are adjusted as appropriate.

The App was assessed as having an indefinite useful life based on management's consideration of the following factors:

- With further development and marketing management expects the App to generate revenues from advertising, marketing small capitalization public companies, licensing fees and, potentially, user subscription fees;
- Comparison of the App to other popular online sites;
- Continuous maintenance and development of the App by incorporating new technologies;
- The stability of, and continued investment in companies in, the App's target niche;
- Expected competitive advantage over other existing and potential larger competitors;
- The level of expenditures expected to be required to generate revenues from the App; and
- The Company's 100% ownership and control of the App.

Dimension Five Technologies Inc.
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of loss and comprehensive loss.

Financial instruments

Financial Assets

At initial recognition, IFRS 9 *Financial Instruments* ("IFRS 9") requires financial assets to be measured at fair value and classified into three measurement categories: those subsequently measured at fair value through profit and loss ("FVTPL"), those subsequently measured at fair value through other comprehensive income ("FVTOCI") and those subsequently measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

Financial Liabilities

At initial recognition, IFRS 9 requires financial liabilities to be measured at fair value and classified as subsequently measured at amortized cost except for when one of the specified exceptions applies. In cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.

For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents / Guaranteed investment certificates

Cash and cash equivalents include cash on hand and demand deposits and investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is classified as subsequently measured at amortized cost.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Cash equivalents are classified as subsequently measured at amortized cost except for money market investments which are classified as subsequently measured at FVTPL. Guaranteed investment certificates are classified as subsequently measured at amortized cost.

Trade receivables

Trade receivables relate to amounts received from sales under licensing agreements for use of the App. These receivables are non-interest bearing and are recognized at face amount, except when fair value is materially different, and are classified as subsequently measured at amortized cost. Trade receivables recorded are net of lifetime expected credit losses.

Trade payables

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are classified as subsequently measured at amortized cost.

Expected credit losses

For trade receivables, the Company applies the simplified approach to determining expected credit losses, which requires expected lifetime losses to be recognised upon initial recognition of the receivables.

Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* provides a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Company's revenue consists of licensing fees earned from the use of its App. The licensee obtains control over the use of the App when access to the App is granted. License fees are payable monthly in advance on the first day of each month and revenue is recognized at month end.

Share-based payment transactions

On September 6, 2018, the Company adopted an incentive stock option plan to attract and retain personnel and to provide incentives to employees, officers, directors and consultants. The Company grants stock options to buy common shares of the Company and the board of directors grants such options for periods of up to ten years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recorded using the statement of financial position liability method, providing for 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 is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries 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 on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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.

Earnings/Loss per share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings/Loss per share (continued)

exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Future Accounting Pronouncements

There are currently no amendments and/or revisions to existing IFRS standards or new standards effective for periods beginning after January 1, 2018 that are expected to be applicable to the Company.

4. GUARANTEED INVESTMENT CERTIFICATES

As at May 31, 2019, the Company had two variable rate guaranteed investment certificates (“GICs”) totalling \$228,750 (May 31, 2018: \$nil). Of this amount, \$200,000 bears interest at prime minus 2.7%, matures on January 17, 2020 and is redeemable without penalty and \$28,750 bears interest at prime minus 2.6% and is redeemable without penalty. The \$28,750 GIC is being held as security by the bank for corporate credit cards having an aggregate credit limit of \$25,000. These GICs have been classified as current assets as they may be redeemed without penalty by the Company within one year and if the credit cards are cancelled.

See Note 10.

5. INTANGIBLE ASSETS

On July 1, 2018, the Company purchased the Zimtu Advantage software application (the “App”) including the source code, website and other intellectual property rights from Zimtu Capital Corp. (“Zimtu”) by issuing 10,000,000 common shares valued at \$0.03 per share for total consideration of \$300,000.

| | August 31, 2019 | May 31, 2019 |
|----------------------------------|------------------------|--------------|
| | \$ | \$ |
| Balance, beginning of the period | 300,000 | - |
| Additions | - | 300,000 |
| Balance, end of the period | 300,000 | 300,000 |

The App was assessed as having an indefinite useful life. See Notes 3, 7, 8 and 9.

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

| | August 31, 2019 | May 31, 2018 |
|---------------------|------------------------|--------------|
| | \$ | \$ |
| Accounts payable | 23,736 | 1,665 |
| Accrued liabilities | 6,521 | 1,259 |
| | 30,257 | 2,924 |

7. DEFERRED APP DEVELOPMENT FUNDS

On September 11, 2018, the Company entered into the AFDA with Zimtu whereby Zimtu agreed to provide the Company with up to \$100,000 in funding to further improve and re-develop the App for its use. To date the Company has received \$50,000 from Zimtu and utilized \$23,921 of those funds towards development and marketing of the App.

| | August 31, 2019 | May 31, 2018 |
|---|------------------------|---------------|
| | \$ | \$ |
| Balance, beginning of the period | 28,374 | - |
| App development funds received from Zimtu | - | 50,000 |
| Applied against improvement and re-development costs incurred | (2,295) | (21,626) |
| Balance, end of the period | 26,079 | 28,374 |

See Notes 5 and 9.

8. SHARE CAPITAL

Shares:

Authorized:

- i. Unlimited common shares without par value
- ii. Unlimited preferred shares without par value

Issued and outstanding:

As of August 31, 2019, the issued and outstanding common shares of the company consisted of 23,078,001 common shares and nil preferred shares (August 31, 2018: 23,078,001 common share and nil preferred shares). There were no changes in share capital during the three months ended August 31, 2019.

Pursuant to an agreement entered into on September 27, 2018 under National Policy 46-201 *Escrow for Initial Public Offerings* as an emerging issuer, 14,300,001 of these common shares were deposited into escrow. As at August 31, 2019, 10,725,002 common shares were being held in escrow and will be released in instalments of 2,145,000 every six months until February 12, 2022.

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8. SHARE CAPITAL (continued)

Stock Options:

Pursuant to the Company's stock option plan, directors may, from time to time, authorize issuance of options to employees, officers, directors and consultants of the Company. The options may be granted for periods of up to ten years, which vest immediately and are priced at the previous day's closing price. During the three months ended August 31, 2019 no stocks options were granted.

A continuity schedule of the incentive stock options is as follows:

| | Number of options | Weighted average exercise price \$ |
|-------------------------------|----------------------|---|
| Balance May 31, 2019 | 400,000 | 0.05 |
| Granted | - | - |
| Cancelled | - | - |
| Balance August 31, 2019 | 400,000 | 0.05 |
| Weighted average life (years) | 4.02 | |

As at August 31, 2019, the Company had the following stock options outstanding and exercisable:

| Expiry Date | Exercise Price | Number of Options |
|-------------------|----------------|-------------------|
| September 6, 2023 | \$0.05 | 400,000 |

9. RELATED PARTY TRANSACTIONS

During the three months ended August 31, 2019, compensation of related parties was as follows:

| | For the three months ended August 31, 2019 \$ | For the three months ended August 31, 2018 \$ |
|--|---|---|
| Key management and related party compensation | | |
| Remuneration and fees* | 6,000 | 10,748 |
| Salaries and benefits (paid to the Company's CEO) | 18,000 | - |
| | 24,000 | 10,748 |

* The remuneration and fees were allocated to professional fees of \$6,000 (2018: \$6,000) and share issuance costs of nil (2018: \$4,748).

During the three months ended August 31, 2019, the Company earned \$30,000 (August 31, 2018: \$20,000) in App license fees from Zimtu, a company where a director of the Company is the CEO, pursuant to the LA as described below.

During the three months ended August 31, 2019, the Company incurred professional fees of \$6,000 (May 31, 2018: \$nil) to a company controlled by the CFO of the Company.

During the three months ended August 31, 2019, the Company incurred administrative and managerial fees of \$16,500 (August 31, 2018: \$nil) to Zimtu pursuant to the MSA as described below.

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9. RELATED PARTY TRANSACTIONS (continued)

On July 1, 2018, the Company purchased the App including the source code, website and other intellectual property rights from Zimtu for 10,000,000 common shares valued at \$0.03 per share for total consideration of \$300,000. Of this amount, 4,300,000 common shares were issued to officers of the Company and 4,000,000 common shares were issued to Zimtu.

On July 1, 2018, the Company entered into a License Agreement (the "LA") with Zimtu, whereby the Company has granted a non-exclusive, non-transferable, non-sublicensable and revocable app user license to Zimtu for a fee of \$10,000 per month. The LA is for a term of 18 months and may be renewed for an additional 18 months if mutually agreed upon. The LA may be terminated by Zimtu by providing 30 days' notice to the Company. Pursuant to the LA, Zimtu has agreed to fund the Company's improvement, development and marketing costs for the App up to a maximum of \$100,000. On November 1, 2018, Zimtu agreed that the minimum term of the license will be to October 31, 2019 and that 30 days' notice of termination would not be provided prior to October 1, 2019.

On September 11, 2018, the Company entered into an App Further Development Agreement (the "AFDA") with Zimtu whereby Zimtu agreed to provide the Company with up to \$100,000 in funding to further improve and re-develop the App for its use in accordance with a to be agreed upon payment schedule. Pursuant to the AFDA:

- The development services include improving functionality and data accuracy, rebranding the website and its landing page, providing marketing services and a program including email marketing, search engine marketing and optimization, online advertising and trade shows, and providing documentation for the improvements (collectively, the "deliverables");
- The Company remains the sole and exclusive owner of the deliverables;
- Upon payment of the fee, Zimtu will be granted a license to execute, perform, display and operate the App and to use and copy the documentation as required to operate the App;
- Upon acceptance of the deliverables by Zimtu, the Company will provide a limited 60-day warranty to cover any programming errors in the deliverables; and
- Expiry occurs on completion of the work which is expected to take up to one year.

On January 2, 2019, the Company received a payment of \$50,000 from Zimtu pursuant to the AFDA. See Notes 5 and 7.

On March 1, 2019, the Company entered into a Management Services Agreement (the "MSA") with Zimtu. Pursuant to the MSA, Zimtu will provide the Company with administrative and managerial services for a fee of \$5,500 per month plus GST, including office space and equipment, for a term of nine months ending on November 30, 2019. Zimtu can renew the MSA for further 12 month terms provide that it hasn't been terminated by either party upon giving one month notice to the other.

10. CONTINGENCY

The Company has corporate credit cards with an aggregate credit limit of \$25,000. As at August 31, 2019, the available credit was \$24,211.

11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

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11. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

| | For the three months ended August 31, 2019 \$ | For the three months ended August 31, 2018 \$ |
|---|--|---|
| Advertising and promotion | 688 | - |
| Filing fees and transfer agent expenses | 5,372 | - |
| Office, rent and general (Note 9) | 20,577 | 1,401 |
| Professional services (Note 9) | 32,181 | 38,001 |
| Salaries and benefits (Note 9) | 19,427 | - |
| | 78,245 | 39,402 |

12. FAIR VALUE MEASUREMENT

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value the Company's financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

13. CAPITAL MANAGEMENT

The Company's capital currently consists of shareholders' equity and working capital. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at May 31, 2019, the Company had working capital of \$290,570 (2018: \$301,962).

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and

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13. CAPITAL MANAGEMENT (continued)

the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk consist primarily of cash and the GICs. Cash and the GICs are maintained with a financial institution of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

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 policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

14. SUBSEQUENT EVENTS

On September 3rd, 2019 the Company entered into a non-binding letter of intent ("LOI") dated September 3rd, 2019 with Emergent Waste Solutions Inc. ("EWS") regarding a proposed transaction to acquire all of the issued and outstanding securities of EWS in exchange for common shares of the Company. The Company will have until

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14. SUBSEQUENT EVENTS (continued)

October 31, 2019 (or such other date as agreed to by the parties) to conduct due diligence on EWS, with a view to negotiating the terms of a definitive agreement (the “Definitive Agreement”) in order to complete the transaction. However, there is no assurance that the Definitive Agreement will be successfully negotiated or entered into.

On September 5th, 2019 as a term of the LOI the Company loaned EWS \$20,000 and received a promissory note as consideration. As stated in the promissory note the loan is non-interest bearing and repayment is due 30 days after the LOI terminates.