Braingrid Limited

Consolidated Interim Financial Statements

For the three-month periods ending April 30, 2019 and April 30, 2018

(Expressed in Canadian Dollars, unless otherwise noted)

Braingrid Limited

Consolidated Interim Statements of Financial Position
As at April 30, 2019 and April 30, 2018
(in Canadian dollars)

	Note	April 30, 2019	January 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		**$ 129,249**	$ 575,071
Accounts receivable	**6**	**38,775**	135,247
Inventory		**169,707**	158,973
Contract assets		**30,439**	24,462
Prepaid expenses, deferred charges and sundry assets		**77,693**	112,062
		445,862	1,005,815
Property and equipment	**7**	**81,146**	88,688
Intangibles	**8**	**35,328**	35,328
		$ 562,336	$ 1,129,831
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 335,453**	$ 358,696
Contract liabilities		**75,008**	52,609
Due to shareholder	**9**	**6,249**	-
Provision for liquidity incentive	**11**	**196,227**	196,227
		612,937	607,532
Shareholders' equity:			
Share capital	**11**	**5,047,483**	5,047,448
Share-based payment reserve	**13**	**1,154,327**	1,145,327
Warrants reserve	**14**	**486,024**	486,024
Accumulated deficit		**(6,738,435)**	(6,156,500)
		(50,600)	522,299
		$ 562,336	$ 1,129,831

Signed on behalf of the Board

"Eric Klein"	"Michael Kadonoff"
Chairman of the Board	Director

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

Braingrid Limited

Consolidated Interim Statements of Loss and Comprehensive Loss
For the three-months ending April 30, 2019 and April 30, 2018
(in Canadian dollars)

	Note		Three Months Ended April 30, 2019		Three Months Ended April 30, 2018
Revenue					
Set-up, integration & other revenue		$	27,030	$	6,359
Service & support			6,290		8,392
Revenue			33,320		14,751
Cost of sales			5,447		2,353
Gross profit			27,873		12,398
Expenses					
Salaries & wages			344,609		294,277
Professional fees			20,710		20,457
Consulting expenses			134,954		50,731
Stock based compensation	13		9,000		70,554
Office & general			15,773		26,042
Advertising & promotion			40,921		7,834
Occupancy costs			27,509		13,948
Research & development			1,339		37,896
Computer & internet			2,321		11,226
Travel			4,552		5,262
Depreciation	7		7,542		4,392
Meals & entertainment			1,496		752
Amortization of debt discount					1,548
Interest expense (income)			(919)		-
Total expenses			609,807		544,919
Loss before income taxes			(581,934)		(532,521)
Income tax expense			-		-
Net loss and comprehensive loss		$	(581,934)	$	(532,521)
Net loss per share - basic and diluted		$	(0.01)	$	(0.03)
Weighted average common shares outstanding			47,336,651		17,309,643

Nature of operations (Note 1)
Commitments and contingencies (Note 10)

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

Braingrid Limited

Consolidated Interim Statements of Changes in Equity (Deficiency)
For the three-months ending April 30, 2019 and April 30, 2018
(in Canadian dollars)

		Share Capital											
	Note	Number of Class A Shares	Amount	Number of Class B Shares	Amount	Number of Class C Shares	Amount	Number of Braingrid Limited Common Shares	Amount	Contributed surplus	Warrant reserve	Deficit	Total
Balance, January 31, 2017		10,000,000	$20	-	-	1,535,426	$619,587	-		$552,421	$117,913	($1,298,861)	($8,920)
Issuance of shares	11	-	-	-	-	28,301	15,000	-		-	-	-	15,000
Issuance of shares due to exercise of options	13	-	-	100,000	53,106	-	-	-		(52,106)	-	-	1,000
Stock based compensation	13	-	-	-	-	-	-	-		1,026,800	-	-	1,026,800
Cash received for options transfer		-	-	-	-	-	-	-		25,000	-	-	25,000
Net loss and comprehensive loss for the year		-	-	-	-	-	-	-		-	-	(1,386,672)	(1,386,672)
Balance, January 31, 2018		**10,000,000**	**$20**	**100,000**	**$53,106**	**1,563,727**	**$634,587**	-		**$1,552,115**	**$117,913**	**($2,685,533)**	**($327,792)**
Issuance of units	11	-	-	-	-	8,532,400	2,866,008	-	-	-	481,494	-	3,347,501
Unit issuance costs	11	-	-	-	-	295,445	(140,599)	-	-	-	(113,382)	-	(253,981)
Issuance of shares due to exercise of options	13	-	-	1,223,689	585,735	-	-	-	-	(573,498)	-	-	12,237
Stock based compensation	13	-	-	-	-	-	-	-	-	166,710	-	-	166,710
Issuance of shares for services	11	-	-	-	-	673,496	398,150	-	-	-	-	-	398,150
Effect of Share consolidation	11	(10,000,000)	(20)	(1,323,689)	(638,841)	(11,065,068)	(3,758,146)	45,394,162	4,397,007	-	-	-	-
Effect of RTO transaction	5	-	-	-	-	-	-	1,936,590	650,441	-	-	-	650,441
Net loss and comprehensive loss for the year		-	-	-	-	-	-	-	-	-	-	(3,470,967)	(3,470,967)
Balance, January 31, 2019		**-**	**-**	**-**	**-**	**-**	**-**	**47,330,752**	**5,047,448**	**$1,145,327**	**$486,024**	**($6,156,500)**	**$522,299**
Issuance of shares													-
due to exercise of options								7,000	35				35
Cancellation of shares	11							(1,625,000)					-
Stock based compensation	13									9,000			9,000
Net loss and comprehensive loss													-
for the year												(581,934)	(581,934)
Balance, January 31, 2019		**-**	**-**	**-**	**-**	**-**	**-**	**45,712,752**	**5,047,483**	**$1,154,327**	**$486,024**	**($6,738,435)**	**($50,600)**

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

Braingrid Limited

Consolidated Interim Statements of Cash Flows
For the three-months ending April 30, 2019 and April 30, 2018
(in Canadian dollars)

	Note	**Three Months Ended April 30, 2019**	Three Months Ended April 30, 2018
Operating Activities			
Net loss for the period		**$ (581,934)**	$ (532,523)
Adjustment for:			
Depreciation	7	**7,542**	4,392
Stock based compensation	13	**9,000**	70,554
Amortization of debt discount		**-**	1,548
Net change in non-cash working capital:			
Accounts receivable		**96,472**	(10,622)
Contract asset		**(5,977)**	-
Investment tax credit recoverable		**-**	-
Inventory		**(10,734)**	970
Prepaid expenses and sundry assets		**34,369**	(13,507)
Accounts payable and accrued liabilities		**(23,243)**	75,609
Due to shareholder		**6,249**	
Contract liabilities		**22,399**	(3,551)
Net cash used in operating activities		**$ (445,857)**	$ (407,130)
Investing activities			
Purchase of property and equipment	7	**-**	(4,144)
Investment in intangible assets	8	**-**	(313)
Net cash used in investing activities		**$ 0**	$ (4,457)
Financing activities			
Proceeds from issuance of units, net of cash costs	11	**-**	2,448,319
Proceeds from issuance of common shares - option exercises	13	**35**	-
Proceeds from stock options transfer		**-**	-
(Repayments) Advances of loan payable		**-**	(589,000)
Advances (payments to) shareholder		**-**	(12,160)
Net cash provided by financing activities		**$ 35**	$ 1,847,159
Net change in cash		**(445,822)**	1,435,572
Cash, beginning of year		**575,071**	35,965
Cash, end of year		**$ 129,249**	$ 1,471,537

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

1. Nature of operations

Braingrid Limited (the "Company" or "Braingrid") is a technology company that provides an affordable, versatile, and quick-to-install sensor platform that captures the critical real-time data needed in the precision agriculture market, and in particular, licensed cannabis producers, to increase revenues, reduce costs and reduce risks. The Company's head office address is 150 Bridgeland Ave., Suite #100, Toronto, ON M6A 1Z5.

On December 28, 2018, the Company completed its qualifying transaction (the "Transaction") in accordance with the policies of the Canadian Securities Exchange (the "CSE"), by way of a three-cornered amalgamation of Braingrid, Match Capital Resources Corp. ("Match") and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"). The Transaction was an arm's length transaction for both parties.

The Company obtained final approval for the Transaction from the Exchange on December 28, 2018 and start trading on the Canadian Securities Exchange under the symbol "BGRD".

2. Statement of Compliance and Going concern

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Fiscal 2019 was the first year of the Company's consolidated financial statements where IFRS 15 - "Revenue from Contracts with Customers" ("IFRS 15") and IFRS 9 - "Financial Instruments" ("IFRS 9") have been applied. The changes in accounting policies from those used in the Company's consolidated financial statements for the year ended January 31, 2018 are described in note 3.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying combined financial statements. Such adjustments could be material. It is not possible to predict whether the company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $6,738,435 as at April 30, 2019 (January 31, 2019 - $6,156,500). The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at April 30, 2019, the Company had current assets of $445,862 (January 31, 2019 - $1,005,815) to cover current liabilities of $612,637 (2017 - $607,531).

These consolidated financial statements were approved by the Company's board of directors on July 2, 2019.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise noted.

Functional and presentation currencies

The Company's and subsidiary's functional currency, as determined by management, is Canadian dollars, which is also the Company's presentation currency.

The accounting policies set out below have been applied consistently to all periods and companies presented in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Braingrid Corporation and BG Cangrow Corp.

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

Investment tax credits

The Company follows the income approach to account for investment credits, whereby investment tax credits are recorded when there is a reasonable assurance that the amounts will be received and that the Company will comply with all relevant conditions. Under this method, investment tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Investment tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The investment tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Maintenance and repair expenditures that do not improve or extend the life are expensed in the period incurred.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant accounting policies (continued)

Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful lives for the principal asset categories are as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Tools & dies	5 years

Research and development

Research costs are charged to profit or loss in the period in which they are incurred, net of related tax credits. Development costs are charged to profit or loss in the year they are incurred, net of related tax credits, unless they meet the capitalization criteria listed below:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- the Company's intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

The recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately.

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

Segmented reporting

The Company currently operates as a single segment. Its principal business relates to providing an affordable, versatile, and quick-to-install sensor platform that captures the critical real-time data needed in the precision agriculture market, and in particular, licensed cannabis producers, to increase revenues, reduce costs and reduce risks. All of the assets of the Company are situated in Canada.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss, comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies (continued)

Foreign currency translation

Transactions in foreign currencies are initially translated into the functional currency using rates prevailing at the date of the transaction. Monetary assets and liabilities are translated using the exchange rates in effect at the end of the reporting period and non-monetary assets and liabilities at historical exchange rates. Revenue and expense items are translated using average exchange rates prevailing during the period. Foreign exchange gains and losses are included in profit or loss.

Share-based compensation

The fair value of options awarded to employees, directors, and lenders is measured using the Black-Scholes option pricing model and is recognized over the vesting periods in profit or loss and share based payment reserve. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognized in contributed surplus, is reclassified as an increase to share capital. The fair value of Restricted Share Units is based on the Company's share price on the grant date and recognized over the vesting periods in profit or loss and share based payment reserve.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted if the fair value of the goods or services received by the Company cannot be reliably estimated. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including expected life of the share-based payment, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation are disclosed in the notes to the financial statements.

Accounting standards implemented as of February 1, 2018

The Company adopted the following accounting standards which came into effect commencing February 1, 2018:

IFRS 15, Revenue from Contracts with Customers

The Company has adopted IFRS 15 with an initial application date of February 1, 2018. The impact on the Company's consolidated financial statements and additional disclosures are detailed as follows:

IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of control of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract as well as requiring more informative and relevant disclosures. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue.

The amendments also provide additional transition relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard.

3. Significant accounting policies (continued)

The Company has adopted IFRS 15 Revenue from Contracts with Customers with an initial adoption date of February 1, 2018. The Company utilized the modified retrospective method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. In its adoption of IFRS 15, the Company applied a practical expedient that allows the Company to avoid re-considering the accounting for any sales contracts that were completed prior to February 1, 2018 and were previously accounted for under IAS 11 and IAS 18. There was no material impact on the Company's net loss and financial position resulting from the adoption of IFRS 15 and there was no effect to the opening deficit from the application of IFRS 15 to revenue contracts in progress at February 1, 2018.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as sale of products, monthly maintenance and support, and professional services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each performance obligation based on their estimated standalone selling price ("SSP").

The Company recognizes revenue when the transfer of control of the promised products or services has occurred to customers in exchange for consideration the Company expects to receive, net of discounts and taxes. Revenue from the sale of products is recognized when the product is shipped and received by the customer, and depending on the delivery conditions, title and risk have passed to the customer. Monthly support and maintenance revenue is recognized over the term of the maintenance agreement as services are provided. The Company defers revenues that have been billed but which do not meet the revenue recognition criteria. Cash received in advance of revenue being recognized is classified as contract liabilities (deferred revenues).

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and has determined that such costs meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The amortization period includes specifically identifiable contract renewals where there is no substantive commission paid on renewals. The expected customer renewal period is estimated based over the life of the intellectual property including expected software upgrades by the customer. The Company does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

IFRS 9, Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of February 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected loss impairment model.

(in Canadian dollars)

3. Significant accounting policies (continued)

Accounting standards implemented as of February 1, 2018 (continued)

The standard contains three classifications categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 did not change the Company's accounting policies for financial liabilities.
The classification changes for each class of the Company's financial assets and financial liabilities upon adoption at February 1, 2018 is as follows:

Financial assets and liabilities	IAS 39	IFRS 9		IFRS 39 / IFRS 9 Carrying value
Cash	FVTPL	Amortized cost	$	35,965
Accounts receivable	Loans and receivables	Amortized cost	$	9,754
Investment tax credit receivable	Loans and receivables	Amortized cost	$	217,000
Loans payable	Other financial liabilities	Amortized cost	$	587,485
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	$	47,572

As a result of the adoption of IFRS 9, the Company's accounting policies for financial instruments have been updated and applied from February 1, 2018 and in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

• Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, trade receivables, and investment tax credits receivable.

3. Significant accounting policies (continued)

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income

calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified

3. Significant accounting policies (continued)

Financial instruments (continued)

approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (continued)

Standards, amendments and interpretations issued and not yet effective and have not been adopted by the Company

The International Accounting Standards Board has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intended to adopt those standards when they become effective.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

IFRS 16 will also result in reclassification of the nature of lease expenses to depreciation and interest expense. IFRS 16 offers a range of transition options. The Company plans to apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16, if any, will be recognized as an adjustment to opening retained earnings as at February 1, 2019, with no restatement of comparative information.

Based on the information currently available, the Company estimates that it will recognize a lease liability and right to use asset as at February 1, 2019. This preliminary estimate is subject to adjustment as management continues to monitor and refine certain elements of its IFRS 16 adoption in advance of Q1 2019 reporting. The Company is on track to complete its implementation of IFRS 16 effective February 1, 2019.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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.

Critical areas of estimation and judgements in applying accounting policies include the following:

Going concern
These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated sales and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Useful lives of property and equipment and intangibles
As described above, the Company reviews the estimated useful lives of property and equipment with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended, due to various factors including technology, competition and revised service offerings. During the year ended January 31, 2019 and January 31, 2018, the Company was not required to adjust the useful lives of any assets based on the factors described above.

Share-based payments
The Company estimates the fair value of convertible securities such as options using the Black-Scholes option-pricing model which requires significant estimation around assumptions and inputs such as expected term to maturity, expected volatility and expected dividends.

Deferred income taxes
The calculation of deferred income taxes is based on assumptions which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carry forward and of the balances in various tax pools. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future period could be material. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Investment tax credits recoverable
Investment tax credits are recorded based on management's estimate that all conditions attached to its receipt have been met. The Company has significant tax credits recoverable and expects to continue to apply for future tax credits as their research and development activities remain applicable. Therefore, the estimates related to the recoverability of these tax credits are important to the Company's financial position.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of loss and comprehensive loss in the periods which they become known.

Provision for expected credit losses ('ECLs")
The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(in Canadian dollars)

5. Reverse takeover transaction

On December 28, 2018, the Company completed its qualifying transaction (the "Transaction") in accordance with the policies of the Canadian Securities Exchange (the "CSE"), by way of a three-cornered amalgamation of Braingrid Corp, Match Capital Resources Corp. ("Match") and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"). The Transaction was an arm's length transaction for both parties.

As part of the Transaction, Match completed the consolidation of its common shares on the basis of eight (8) pre-consolidated shares for one (1) post-consolidated share.

Match Subco amalgamated with Braingrid to form Amalco and Match issued post-consolidated common shares of Match to the shareholders of Braingrid, in consideration for the transfer of their Braingrid common shares to Match, on the basis that each common share held by shareholders of Braingrid was exchanged for 2 post-consolidation common shares of Match resulting in Amalco becoming a wholly-owned subsidiary of Match. Upon the closing of the Transaction, Match was renamed Braingrid Limited

The amalgamation was accounted for in accordance with IFRS 2, Share Based Payments. The Transaction is considered to be a reverse takeover of Match Capital Resources Corp. by Braingrid Corporation. A reverse takeover transaction involving a non-public operating entity and a non operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (shares, stock options and warrants) by Braingrid Corporation for the net assets and eventual public listing status of the nonoperating company, Match Capital Resources Corp. The fair value of the shares issued was determined based on the fair value of the common shares issued by Match Capital Resources Corp. Comparative figures presented within these consolidated financial statements are those of Braingrid Corporation.

On October 26, 2018, Match consolidated its outstanding share capital on a 1:8 basis from 8,615,448 common shares to 1,076,931 common shares outstanding.

Upon closing of the Transaction, all outstanding common shares, warrants and options of Braingrid Corporation. were exchanged for common shares, warrants and options of the Company on a 2:1 basis. The fair value of the consideration is as follows:

Consideration transferred - 1,076,931 shares @ $0.295	$	318,771
Consideration transferred - shares issued for debt - 834,659 shares @ $0.295		321,669
Consideration transferred - shares issued for debt - 25,000 shares @ $0.295		7,400
Net working capital deficiency acquired		(89,901)
Listing expense	$	**737,741**

6. Accounts receivable

		April 30, 2019		January 31, 2019
Trade receivables	**$**	**41,023**	$	37,478
HST and other receivables		**11,312**		111,329
Less: expected credit loss provision		**(13,560)**		(13,560)
Total accounts receivable	**$**	**38,775**	$	135,247

(in Canadian dollars)

7. Property and equipment

Cost	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2018	$10,258	$43,486	$7,474	$42,564	$103,782
Additions	2,992	-	-	-	2,992
Balance, April 30, 2018	$13,250	$43,486	$7,474	$42,564	$106,774
Additions	16,217	2,130	34,489	-	52,836
Balance, January 31, 2019	$29,467	$45,616	$41,963	$42,564	$159,610
Additons	-	-	-	-	-
Balance, April 30, 2019	**$29,467**	**$45,616**	**$41,963**	**$42,564**	**$159,610**

Accumulated Depreciation	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2018	$6,265	$18,630	$3,139	$18,047	$46,081
Depreciation	1,562	1,027	271	1,532	4,392
Balance, April 30, 2018	$7,827	$19,657	$3,410	$19,579	$50,473
Depreciation	7,799	3,390	5,310	3,950	20,449
Balance, January 31, 2019	$15,626	$23,047	$8,720	$23,529	$70,922
Depreciation	2,817	1,133	2,060	1,532	7,542
Balance, April 30, 2019	**$18,443**	**$24,180.50**	**$10,779.64**	**$25,060.99**	**$78,464**

Net Book Value	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2018	$3,993	$24,856	$4,335	$24,517	$57,701
Balance, April 30, 2018	$5,423	$23,829	$4,064	$22,985	$56,301
Balance, January 31, 2019	$13,841	$22,569	$33,243	$19,035	$88,688
Balance, April 30, 2019	**$11,024**	**$21,436**	**$31,183**	**$17,503**	**$81,146**

(in Canadian dollars)

8. Intangible assets

Cost		
Balance, January 31, 2018	$	30,773
Additions		313
Balance, April 30, 2018		31,086
Additons		4,242
Balance, January 31, 2019		35,328
Additons		-
Balance, April 30, 2019	**$**	**35,328**

Net book value		
Balance, April 30, 2018		31,086
Balance, April 30, 2019	**$**	**35,328**

The Company's intangible assets consist of patent application costs which will begin amortization once approved.

9. Due to shareholder

Amounts due to shareholder represent amounts due to (receivable from) Michael Kadonoff, Braingrid's founder and CEO, mainly consisting of accrued wages and reimbursement of expenses.

10. Commitments and contingencies

Total future annual lease payments for the premises are as follows:

2019	73,356
2020	110,034
2021 and thereafter	82,526
Total	**$265,917**

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(in Canadian dollars)

11. Share capital

Authorized share capital:

Unlimited number of common shares, no par value, one vote per common share.

Issued and outstanding common shares:

Cost	Class A Common Shares	Amount	Class B Common Shares	Amount	Class C Common Shares	Amount	Braingrid Limited Common Shares	Amount	Total Shares
Balance January 31, 2018	**10,000,000**	**$20**	**100,000**	**$53,106**	**1,563,727**	**$634,587**	**-**	**-**	**11,663,727**
Issuance of units					6,668,000	$1,979,376			6,668,000
Unit issuance costs					175,820	(62,944)			175,820
Balance April 30, 2018	**10,000,000**	**20**	**100,000**	**$53,106**	**8,407,547**	**2,551,019**			**18,507,547**
Issuance of units	-	-	-	-	1,864,400	879,795	-	-	1,864,400
Unit issuance costs	-	-	-	-	119,625	(70,818)	-	-	119,625
Issuance of shares (stock options)	-	-	1,223,689	585,735	-	-	-	-	1,223,689
Issuance of share for services	-	-	-	-	673,496	398,150	-	-	673,496
Effect of share consolidation	(10,000,000)	($20)	(1,323,689)	(638,841)	(11,065,068)	(3,758,146)	45,394,162	4,397,007	23,005,405
Effect of RTO transaction	-	-	-	-	-	-	1,936,590	650,441	1,936,590
Balance January 31, 2019	-	-	-	-	-	-	**47,330,752**	**$5,047,448**	**47,330,752**
Issuance of shares (stock options)							7,000	35	7,000
Recission of common shares							(1,625,000)	-	(1,625,000)
Balance April 30, 2019							**45,712,752**	**$5,047,483**	**45,712,752**

Issuance of units

On February 13, 2018 and April 9, 2018, the Company closed a 6,668,000 unit offering (the "Offering") at a price of $0.40 per unit ("Unit") for gross proceeds of $2,667,200. Each Unit consists of one common share of the Company (a "Share") and one-half (1/2) of one common share purchase warrant (a "Warrant"). Each full Warrant is exercisable to purchase one share at a price of $0.80 for eighteen (18) months after the Issuer (or a successor issuer) becomes a "reporting issuer" in one or more Canadian jurisdictions and the listing of the Shares (or shares into which the Common Shares may be exchanged) on a recognized North American stock exchange. Each unit also includes a liquidity incentive which requires the Company to pay the holders of the units a penalty equal to 1% per month (pro-rated for partial months), subject to a maximum liquidity incentive payment equal, in the aggregate, to 12% of the aggregate purchase price paid for the Units paid by the unit holder.

Unit issuances are evaluated whether any embedded derivatives need to be separated from the host instrument. In accordance with IAS 32.31 for compound financial instruments, because equity instruments are defined as contracts evidencing a residual interest in the assets of an entity after deducting all of its liabilities, the common share and warrants are assigned the residual amount of the consideration after deducting the fair value of the liquidity incentive payable.

The Company calculated the fair value of the liquidity incentive to be $158,447 and therefore, the Company allocated a value of $2,245,334 to the common shares and $263,419 to contributed surplus using a relative fair value basis.

The Company calculated the fair value of warrants using the Black-Scholes pricing model with the following assumptions: a share price of CAD $0.358, an exercise price of CAD $0.40, a volatility of 76%, an expected life of 1.5 years, a dividend yield of 0.0%, and a risk-free interest rate of 1.77%.

As part of the Offering, the Company incurred cash costs of $218,581 which were allocated as $22,951 to warrants and $195,630 to common shares. The Company also issued 175,820 common shares and broker warrant units as unit issuance costs. The 175,820 common shares issued were valued at $62,944 and the

11. Share capital (continued)

broker warrant units were valued at $70,328 using the unit value of $0.40 completed in February. Each broker warrant unit consists of one common share of the Company (a “Share”) and one-half (1/2) of one Warrant. Each full Warrant is exercisable to purchase one share at a price of $0.80 for eighteen (18) months after the Issuer (or a successor issuer) becomes a “reporting issuer” in one or more Canadian jurisdictions and the listing of the Shares (or shares into which the Common Shares may be exchanged) on a recognized North American stock exchange.

On October 11, October 22, October 26, 2018 and December 10, 2018 the Company completed a non-brokered private placement of an aggregate of 1,864,400 units (the "Fall Offering") at a price of $0.80 per unit (a “Fall Unit”) for gross proceeds of $1,491,520. Each Fall Unit is comprised of one Share and one Share purchase warrant (a "Fall Warrant") with each Fall Warrant exercisable at a price of $1.00 into one share for a period of 24 months from the closing of the Fall Offering. Each Fall Unit also includes a liquidity incentive which requires the Company to pay the holders of the units a penalty equal to 1% per month (pro-rated for partial months), subject to a maximum liquidity incentive payment equal, in the aggregate, to 12% of the aggregate purchase price paid for the Units paid by the unit holder.

The Company calculated the fair value of the liquidity incentive to be $2,771 and therefore, the Company allocated a value of $1,101,674 to the common shares and $387,075 to contributed surplus using a relative fair value basis.

The Company calculated the fair value of warrants using the Black-Scholes pricing model with the following assumptions: a share price of CAD $0.592, an exercise price of CAD $1.00, a volatility of 75%, an expected life of 2.83 years, a dividend yield of 0.0%, and a risk-free interest rate of 2.29%.

As part of the Fall Offering, the Company incurred cash costs of $35,400 which were allocated as $9,204 to warrants and $26,196 to common shares. The Company also issued 119,625 common shares and 54,625 broker warrants as unit issuance costs. The 119,625 common shares issued were valued at $70,818 and the broker warrants were valued at $9,105 using the Black-Scholes pricing model with the following assumptions: a share price of CAD $0.592, an exercise price of CAD $1.00, a volatility of 79%, an expected life of 2 years, a dividend yield of 0.0%, and a risk -free interest rate of 0.91%.

As part of the Fall Offering, $650,000 of the $1,491,520 of gross proceeds was paid for through the issuance of 1,000,000 common shares of MGX Minerals Inc. (the "MGX Shares"). The MGX Shares received by Braingrid were subject to a four-month hold. Braingrid’s intention regarding the MGX Shares subsequent to the expiration of the four-month hold was to dispose of them in the market on an if and when needed basis. The Company did not receive the MGX shares as part of the Fall Offering, in April 2019 the other party returned the Company’s units consisting of 812,500 common shares and 812,500 warrants (1,625,000 common shares and 1,625,000 warrants after giving effect to the Transaction). The value of the MGX Shares provided for in the Company’s year-end audited financial statements and the common shares and warrants sold to MGX in consideration for the MGX Shares were cancelled upon their return to Braingrid.

<u>Issuance of shares for services</u>

Prior to December 28, 2018, the Company issued 673,498 common shares as part of finder’s fees related to the reverse takeover transaction as disclosed in Note 5. The Company valued the common shares issued based on the most recent price of common shares being $0.592 per share.

(in Canadian dollars)

11. Share capital (continued)

Share consolidation

As disclosed in Note 5, all the Company's outstanding Class A, Class B and Class C common shares were exchanged for common shares of Braingrid Limited on a 2:1 basis.

12. Loss per share

		For the three months ended April 30, 2019		For the three months ended April 30, 2018
Numerator				
Net loss for the period	$	(581,934)	$	(532,521)
Denominator				
Weighted average shares - basic		47,336,651		17,309,643
Stock options		-		-
Denominator for diluted loss per share		47,336,651		17,309,643
Loss per share - basic and diluted	$	(0.01)	$	(0.03)

For the above-mentioned periods, the Company had securities outstanding which could potentially dilute basic earnings per share in the future but were excluded from the computation of diluted loss per share in the periods presented, as their effect would have been anti-dilutive.

(in Canadian dollars)

13. Share-based payments

a) Stock options outstanding

During the three months ended April 30, 2019, the Company issued no stock options. During the three-month period ending April 30, 2018, the Company issued 166,447 stock options, each option entitling the holder to purchase one Class B common share of the Company.

The continuity of the issuance of stock options is as follows:

	Number of Options	Weighted Avg Exercise Price
Balance at January 31, 2018	3,436,193	$0.102
Options issued	166,447	$0.163
Options exercised	-	$0.000
Balance at April 30, 2018	3,602,640	$0.105
Options issued	125,000	$0.200
Options exercised	(1,223,689)	$0.010
Effect of reverse takeover transaction	2,503,951	$0.000
Balance at January 31, 2018	5,007,902	$0.093
Options issued	-	
Options terminated	(650,000)	$0.005
Options exercised	(7,000)	$0.005
Balance at April 30, 2019	**4,350,902**	**$0.107**

As disclosed in Note 5, outstanding options of Braingrid Corp. were exchanged for options of Braingrid Limited on a 2:1 basis leading to an additional 2,503,951 options being issued.

(in Canadian dollars)

13. Share-based payments (continued)

As at January 31, 2019, details of the issued and outstanding stock options are as follows:

Expiry Date	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested as at January 31, 2019	Number of Options Unvested
March 31, 2025	5.9	300,000	300,000	-
February 15, 2026	6.8	723,280	723,280	-
April 26, 2026	7.0	250,000	250,000	-
January 31, 2027	7.8	30,000	30,000	-
August 1, 2026	7.3	200,000	200,000	-
August 1, 2026	7.3	270,000	270,000	-
July 3, 2027	8.2	260,000	130,000	130,000
August 1, 2027	8.3	190,000	190,000	-
August 1, 2027	8.3	200,000	200,000	-
September 18, 2027	8.4	50,000	50,000	-
November 22, 2027	8.6	380,000	380,000	-
January 31, 2028	8.8	754,728	754,728	-
January 31, 2028	8.8	160,000	160,000	-
February 28, 2028	8.8	62,894	62,894	-
April 1, 2028	8.9	120,000	120,000	-
April 1, 2028	8.9	150,000	150,000	-
May 4, 2028	9.0	20,000	20,000	-
December 24, 2028	9.7	205,000	205,000	-
December 27, 2028	9.7	25,000	25,000	-
	7.9	**4,350,902**	**4,220,902**	**130,000**

The fair value of options granted during the year ended January 31, 2019 and January 31, 2018 were estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	FY 2019	FY 2018
Volatility	78%	83%
Risk-free interest rate	1.30%	1.22%
Expected life	5 years	5 years
Dividend yield	0%	0%
Common share price	CDN $0.36- $0.53	CDN $0.53
Strike price	CDN $0.01 - $0.40	CDN $0.01 - $0.53
Forfeiture rate	nil	nil

(in Canadian dollars)

13. Share-based payments (continued)

The Company recorded $nil of stock-based compensation pursuant to the grant of options for the three-month period ending April 31, 2019 (2018 - $70,544). During the three-month period ending April 31, 2019 the Company received proceeds of $35 due to the exercise of stock options (2018 - $nil).

Volatility is determined based on volatilities of comparable companies as the Company does not have sufficient trading history. The expected term, which represents the period of time that options granted are expected to be outstanding, is estimated based on an average of the term of the options.

The risk-free rate assumed in valuing the options is based on the Canadian treasury yield curve in effect at the time of grant for the expected term of the option. The expected dividend yield percentage at the date of grant is Nil as the Company is not expected to pay dividends in the foreseeable future.

b) Restricted share units outstanding

During the three-month period ending April 30, 2019, the Company granted 1,445,000 Restricted Share Units (“RSUs”) pursuant to its Restricted Share Unit Plan, of which, 320,000 were cancelled prior to April 30, 2019. The RSUs were granted on February 1, 2019 (the “Grant Date”) and vest over three years, 20% on the first anniversary, 30% on the second anniversary and 50% on the third anniversary of the Grant Date. The fair value for RSUs is determined using the Company’s share price at the grant date.

	RSUs
Balance at January 31, 2018	-
Granted	-
Vested	-
Forfeited	-
Balance at April 30, 2018	-
Granted	-
Vested	-
Forfeited	-
Balance at January 31, 2019	-
Granted	1,445,000
Vested	-
Forfeited	(320,000)
Balance at April 30, 2019	**1,125,000**

The estimated fair value of the equity settled RSUs granted during the three-month period ending April 30, 2019 was $180,000 (April 30, 2018 - $nil) which was based on the Company’s share price at the Grant Date will be recognized as stock-based compensation as they vest pursuant to the Restricted Share Unit Plan. $9,000 of RSU share-based payments were recognized for the three-month period ending April 30, 2019 (April 30, 2018 - $nil).

(in Canadian dollars)

14. Warrants

The continuity of the issuance of warrants is as follows:

	Number of Warrants	Weighted Avg Exercise Price (CDN$)
Balance at January 31, 2018	1,000,000	$0.238
Warrants issued	3,509,820	$0.800
Warrants exercised	-	$0.000
Balance at April 30, 2018	4,509,820	$0.675
Warrants issued	1,919,025	$1.000
Warrants exercised	-	
Effect of RTO transaction	6,428,845	-
Balance at January 31, 2019	12,857,690	$0.385
Warrants issued	-	-
Warrants exercised	-	-
Warrants cancelled	(1,625,000)	$0.500
Balance at April 30, 2019	**11,232,690**	**$0.368**

As disclosed in Note 5, outstanding warrants of Braingrid Corp. were exchanged for options of Braingrid Limited on a 2:1 basis leading to an additional 6,428,845 warrants being issued.

As at April 30, 2019, details of the issued and outstanding warrants are as follows:

Issuance Date	Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
March 31, 2015	March 31, 2020	$0.225	0.920	1,000,000
March 31, 2015	March 31, 2025	$0.250	5.919	1,000,000
Februray 14, 2018	June 28, 2020	$0.400	1.164	6,468,000
Februray 14, 2018	August 13, 2019	$0.200	0.287	351,640
April 9, 2018	June 28, 2020	$0.400	1.164	200,000
September 30 2018	June 28, 2020	$0.500	1.164	512,500
October 31, 2018	October 31, 2020	$0.500	1.506	1,162,500
November 31, 2018	November 30, 2020	$0.500	1.588	428,800
December 31, 2018	December 28, 2020	$0.500	1.665	109,250
Balance at April 30, 2019				**11,232,690**

(in Canadian dollars)

14. Warrants (continued)

For the warrants issued in fiscal 2019 pursuant to the non-brokered private placements, the fair value was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

Volatility	75% - 76%
Risk-free interest rate	0.91%-2.29%
Expected life	1.5 – 2.83 years
Dividend yield	0%
Common share price	CDN $0.358 – $0.592
Strike price	CDN $0.40-$1.00
Forfeiture rate	nil

15. Capital risk management

The Company includes equity, which is comprised of share capital, reserves and deficit, in the definition of capital. The Company's objective when managing its capital is to safeguard the ability to continue as a going concern in order to provide returns for its shareholders, and other stakeholders and to maintain a strong capital base to support the Company's core activities. The Company has no externally imposed capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

16. Financial instruments and risk management

Risk management
In the normal course of its business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks, and the actions taken to manage them, are as noted below.

Market risk
Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's cash include cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any significant interest-bearing assets or liabilities.

Liquidity risk
Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations as they fall due. The Company's strategy is to satisfy its liquidity needs using cash on hand, and cash flow provided by financing activities. As at April 30, 2019, the Company had current assets of $445,862 (2018 - $1,005,815) to cover current liabilities of $612,937 (2018 - $607,532). The Company's accounts payable and accrued liabilities and deferred grant income are due within one year from the date of the statement of financial position.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. As at April 30, 2019, the fair value of the

(in Canadian dollars)

16. Financial instruments and risk management (continued)

Company's cash, accounts receivable and accounts payable and accrued liabilities is $129,249, $38,775 and $335,453 respectively.

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 obligations. The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

	April 30, 2019	January 31, 2019
	$	$
Trade receivables aging:		
0-30 days	**17,081**	11,390
31-90 days	**2,978**	9,492
Greater than 90 days	**18,716**	16,596
	38,775	37,478
Expected credit loss provision	**(13,560)**	(13,560)
Net trade receivables	**25,215**	23,918

The expected credit loss was $13,500 at both April 30, 2019 and January 31, 2019. There is no indication, as at these dates, that the debtors that have not been provided for will not meet their obligations. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

All of the Company's cash and cash equivalents are held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

17. Related party transactions and key management compensation

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the three-month period ending April 30, 2019 and the three month period ending April 30, 2019, the Company incurred the following related party transactions:

On February 15, 2016 the Issuer entered into a Consulting Services Agreement with Ken Kadonoff for general business services whereby he earned 31,447 Class "B" Common Share Stock Options/month at an exercise price of $0.01/share for each month of full-time consulting services to the Company. As at January 31, 2018 Mr. Kadonoff held 739,004 options in the Company's stock option plan. The Consulting Services Agreement ended on February 28, 2018.

Effective May 1, 2016, Braingrid entered into a license agreement (the "Sentroller License Agreement") with Michael J. Kadonoff, a director and officer of Braingrid, as "Licensor" and Braingrid as licensee. Pursuant to the agreement, Braingrid acquired a worldwide, royalty-bearing, exclusive license (the "Sentroller License") to the Sentroller Technology; the advanced system monitoring and management technology for use in monitoring, communicating with and controlling remote devices and equipment and

(in Canadian dollars)

17. Related party transactions and key management compensation (continued)

other remote monitoring, control and data acquisition which is partly owned and partly licensed by the Licensor, and any and all application program interface ("API") property that has or may have intellectual property rights that has been or may hereafter be developed by the parties to the Sentroller License

Agreement, and including, without limitation, the following API property: (i) source codes, processes, systems, inventions, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable, (ii) industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable, and (iii) all other intellectual and industrial property, including confidential and proprietary information and trade secrets, whether or not registered or the subject of an application for registration and whether or not registrable. In connection with the agreement, Braingrid agreed to pay a royalty equal to 1% of Net Sales (as defined in the Sentroller License Agreement) per quarter, within 45 days of the end of the quarter. The Sentroller License was assigned to Lynary Enterprises Inc. (the "Licensor") on June 21, 2018, a corporation 100% owned by Michael J. Kadonoff.

On March 1, 2018, the Issuer entered into a consulting agreement with Kadonoff Associates to provide full time business services such as business development in support of sales, mergers and acquisitions as well as investor relations. Compensation is set at $150,000/year payable monthly, for an indeterminate term, subject to mutual termination on three months prior notice. Such services are rendered exclusively to the Issuer and include that Ken Kadonoff take on the role of Executive Chairman of the Issuer.

On February 20, 2018, the Company entered into a consulting agreement with Harris Capital Corporation (“HCC”) to provide part-time Chief Financial Officer services. Compensation is set at $640/day payable monthly, for an indeterminate term, subject to termination on thirty days prior notice by the Company and three months prior notice by HCC.

On April 26, 2016 (and further extended on December 28, 2017) the Issuer entered into a Demand Loan Facility Agreement with Mika Holdings Limited, a related company to Ken Kadonoff (the “Loan Facility”). The Loan Facility (as amended) provided a facility to borrow up to $550,000 (later increased to $608,000 and fully utilized) at an interest rate of 2% cash and 125,000 Class B stock options. The Company has calculated the value of options issued to Mika Holdings Limited using the following assumptions:

	Inputs
Volatility	83%
Risk-free interest rate	1.22%
Expected life	5 years
Dividend yield	0%
Common share price	CDN $0.53
Strike price	CDN $0.01
Forfeiture rate	nil

The value of stock options issued to Mika Holdings of $65,132 was recorded as a debt discount which is being amortized over the contractual life of the debt. During the year ended January 31, 2018, the Company recorded $36,353 of amortization of debt discount (January 31, 2017 - $ 26,414)

On July 6, 2018 Braingrid entered into an advisory agreement with HCC pursuant to which HCC provided M&A advisory services to the Company related to the Transaction. Concurrent with the closing of the Transaction HCC received a success fee of 384,855 common shares representing 1% of the Braingrid’s

(in Canadian dollars)

17. Related party transactions and key management compensation (continued)

common shares issued and outstanding immediately prior to the closing of the Transaction, less the number of common shares issued by the Company between July 6, 2018 and the closing of the Transaction.

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also receive share-based compensation. Key management personnel compensation is as follows:

	For the three-months ended April 30, 2019	For the three-months ended April 30, 2018
Salaries and benefits, including bonuses	104,870	134,900
Share-based compensation	4,000	70,544
Total	**$108,870**	**$205,444**

18. Subsequent events

Convertible Debenture Financing

On May 17, 2019 Braingrid announced that Bankwell Realty Inc. (the "Lender") and the Company completed a $100,000 secured convertible debenture financing. The loan bears interest at a rate of 18% per annum, matures on August 16, 2019 and is secured by a general security agreement. The principal amount of the debenture, fees and interest thereon may be converted into units of the Company at a conversion price of $0.09 per unit. Each unit will be comprised of one common share and one common share purchase warrant of the Company. Each warrant will be exercisable into one common share of the Company at an exercise price of $0.09 per share at any time on or before the second anniversary of the issuance of the warrants. In connection with the completion of the financing the Company agreed to pay the Lender a commitment fee of $5,000 and issue 250,000 common share purchase warrants to the Lender, each exercisable at any time on or before May 17, 2024 into one common share of the Company at an exercise price of $0.09 per share. Braingrid may pre-pay the debenture at any time and is obligated to repay the debenture in the event that it receives long term funding. Subsequently, funding was obtained in June and Bankwell chose to exercise its option to acquire Braingrid stock rather than seek to be repaid in cash.

$5.1 Million Debenture Financing Commitment and First Draw Down

On June 11, 2019 the Company announced that it had entered into an agreement (the "Agreement") to obtain funds to support its capital projects and general working capital. The Agreement is with European High Growth Opportunities Securitization Fund (the "Fund"), an investment fund advised by Alpha Blue Ocean Inc. ("Alpha Blue") a money manager based in London, United Kingdom.

Pursuant to the Agreement the Fund has agreed to subscribe for up to $5,100,000 aggregate principal amount of senior unsecured convertible debentures in up to 18 separate closings over a period of three years. The debentures will be issued along with a number of accompanying warrants to be determined based on the market price of the Company's common shares at the date of the applicable closing. The warrants will be exercisable for common shares at prices to be determined at each closing under the Agreement. To the extent that the exercise price of the warrants or the conversion price of the debentures is required to be increased from that set forth in the Agreement, the Company will make a payment to the Fund in cash or common shares in respect of any such debentures or warrants that are converted or exercised, as applicable.

18. Subsequent events (continued)

The debentures to be issued under each closing will be non-interest bearing, have a maturity date of twelve months from issuance and, subject to regulatory compliance, will be automatically converted into such number of common shares in the capital of the Company as is equal to the aggregate principal amount of

the debentures being converted divided by the applicable conversion price (to be determined based on the market price of the Company's common shares from time to time), immediately following the earlier of: (i) two trading days after the delivery by the holder of a conversion notice, or (ii) the applicable maturity date of the debentures. The debentures may also be reimbursed in cash prior to the maturity (i) upon certain events of default and (ii) subject to a 20% premium at the option of Braingrid, and, at maturity at the election of Braingrid.

On June 14, 2019 Braingrid announced that it had drawn down the first tranche pursuant to the Agreement, a total of $850,000 aggregate principal amount of debentures and 14,875,000 warrants with an exercise price of $0.080 per share have been issued. 12,750,000 of the warrants have an expiry date of June 14, 2022 and 2,125,000 of the warrants have an expiry date of June 14, 2024. Each Warrant is exercisable into one common share of the Company, subject to typical adjustments.