

**BRAINGRID LIMITED**

**CSE FORM 2A  
LISTING STATEMENT**

**December 24, 2018**



## TABLE OF CONTENTS

	Page
GLOSSARY	4
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	6
GENERAL MATTERS	8
CORPORATE STRUCTURE	8
GENERAL DEVELOPMENT OF THE BUSINESS	9
NARRATIVE DESCRIPTION OF THE BUSINESS	15
SELECTED CONSOLIDATED FINANCIAL INFORMATION	23
MANAGEMENT'S DISCUSSION AND ANALYSIS	26
MARKET FOR SECURITIES	26
CONSOLIDATED CAPITALIZATION	26
OPTIONS TO PURCHASE SECURITIES	29
DESCRIPTION OF THE SECURITIES	34
ESCROWED SECURITIES	37
PRINCIPAL SHAREHOLDERS	38
DIRECTORS AND OFFICERS OF THE RESULTING ISSUER	38
CAPITALIZATION	44
EXECUTIVE COMPENSATION	48
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	54
RISK FACTORS	54
PROMOTERS	63
LEGAL PROCEEDINGS	63
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	64
AUDITORS, TRANSFER AGENTS AND REGISTRARS	64
MATERIAL CONTRACTS	64
INTEREST OF EXPERTS	65
OTHER MATERIAL FACTS	65
CERTIFICATE OF THE ISSUER	66
CERTIFICATE OF THE TARGET	67
SCHEDULE "A" – ISSUER FINANCIAL STATEMENTS	
SCHEDULE "B" – BRAINGRID FINANCIAL STATEMENTS	
SCHEDULE "C" – ISSUER MD&A	
SCHEDULE "D" – BRAINGRID MD&A	
SCHEDULE "E" – PRO FORMA FINANCIAL STATEMENTS	

## GLOSSARY

**"Acquisition Agreement"** means the acquisition agreement dated September 17, 2018 made among the Issuer, Braingrid and Match Subco;

**"Amalco"** means the company formed upon the completion of the amalgamation of Braingrid and Match Subco;

**"Braingrid"** means Braingrid Corporation;

**"Braingrid Advisory Shares"** has the meaning ascribed to such term under "2. *General Development of the Business - General Development of the Business of Braingrid Prior to the Transaction*";

**"Braingrid Class C Shares"** means the Class C common shares in the capital of Braingrid;

**"Braingrid Consultant Warrants"** means 1,000,000 Class C common share purchase warrants of Braingrid 500,000 of which have an exercise price of \$0.45 and an expiry date of March 31, 2020 and 500,000 of which have an exercise price of \$0.50 and an expiry date of March 31, 2025;

**"Braingrid Options"** means the options to purchase common shares of Braingrid;

**"Braingrid Shareholders"** means the shareholders of Braingrid;

**"Braingrid Shares"** means collectively, the Class A and C common shares in the capital of Braingrid;

**"Cannabis Act"** means Canadian Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*;

**"CBCA"** means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

**"CEO"** means Chief Executive Officer;

**"CFO"** means Chief Financial Officer;

**"CO<sub>2</sub>"** means carbon dioxide;

**"Company"** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

**"CSE"** means the Canadian Securities Exchange;

**"CSE Listing"** means the listing of the Resulting Issuer Shares on the CSE;

**"Escrow Agreement"** means the escrow agreement to be entered into on or about the Closing Date among TSX Trust, the Resulting Issuer, and certain Resulting Issuer Shareholders;

**"Exchange Ratio"** means two Resulting Issuer Shares for each Braingrid Share (and for greater certainty, after the Issuer Consolidation);

**"Issuer"** or **"Match"** means Match Capital Resources Corporation;

**"Issuer Board"** means the board of directors of the Issuer;

**"Issuer Consolidation"** means the 1 new Resulting Issuer Share for 8 old Issuer Shares consolidation of the Issuer to be completed prior to the closing of the Transaction;

**"Issuer Options"** means options to acquire Issuer Shares pursuant to the Issuer Option Plan;

**"Issuer Option Plan"** means the stock option plan of the Issuer;

**"Issuer Shares"** means the common shares of the Issuer;

**"Issuer Shareholders"** mean the holders of Issuer Shares;

**"Listing Statement"** means this listing statement;

**"Match Subco"** means 10991635 Canada Corporation, a wholly owned subsidiary of Match;

**"MD&A"** means management's discussion and analysis;

**"OBCA"** means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

**"person"** means a Company or individual;

**"Precision Agriculture"** is an approach to farm management that uses information technology to ensure that the crops and soil receive exactly what they need for optimum health and productivity;

**"Resulting Issuer"** means the Issuer upon completion of the Transaction;

**"Resulting Issuer Board"** means the board of directors of the Resulting Issuer;

**"Resulting Issuer Legacy Options"** means Resulting Issuer Options issued to the holders of Braingrid Options;

**"Resulting Issuer Legacy Warrants"** means 2,000,000 common share purchase warrants of the Resulting Issuer issued to the holder of 1,000,000 Braingrid Consultant Warrants;

**"Resulting Issuer Options"** means the options to purchase Resulting Issuer Shares pursuant to the Resulting Issuer Option Plan;

**"Resulting Issuer Option Plan"** means the amended and restated Issuer Option Plan to be approved at the upcoming meeting of Issuer Shareholders to take effect on completion of the Transaction;

**"Resulting Issuer Shareholders"** means the holders of common shares of the Resulting Issuer;

**"Resulting Issuer Shares"** means the common shares of the Resulting Issuer;

**"Resulting Issuer RSU Plan"** means the restricted share unit plan of the Resulting Issuer;

**"Resulting Issuer RSUs"** means the restricted share units issued pursuant to the Resulting Issuer RSU Plan;

**"SEDAR"** means System for Electronic Document Analysis and Retrieval;

**"Share Compensation Arrangement"** means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of common shares from treasury to one or more directors, consultants, officers and employees of the Resulting Issuer and its related entities;

**"Transaction"** means the completion of the amalgamation pursuant to the Acquisition Agreement and the CSE Listing;

**"TSX Trust"** means TSX Trust Company; and

**"TSXV"** means the TSX Venture Exchange.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Statements contained in this Listing Statement that are not historical facts are "forward-looking statements" or "forward-looking information" (collectively, **"Forward-Looking Information"**) (within the meaning of applicable Canadian securities legislation).

Forward-Looking Information includes, but is not limited to, statements relating to the timing, availability and amount of financings; expected use of proceeds; business objectives; results of operations; potential investments; the timing and costs of developing the Resulting Issuer's products; success of the Resulting Issuer's products and investments; and requirements for additional capital. In certain cases, Forward-Looking Information can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intended", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", or "be achieved".

In providing the Forward-Looking Information in this Listing Statement, the Issuer and Braingrid have applied several material assumptions, including, but not limited to, the assumption that additional financings needed will be available on reasonable terms, that the objectives concerning its products and investments can be achieved, that general business and economic conditions will not change in a materially adverse manner. Other assumptions are

discussed throughout this Listing Statement and, in particular, in the "Risk Factors" found in this Listing Statement.

Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. Such risks and other factors include, among others, risks set out below as well as those factors discussed in the "Risk Factors" found in this Listing Statement:

- Demand
- Sales Risk
- Recreational Cannabis in Canada
- U.S. Related Risk Factors
- Licensed Technology
- Cost Overruns
- Premature Abandonment of Products
- Limited Operating History and Uncertainty of Future Revenues
- Competition
- Dependence on Key Executives
- History of Net Losses
- Further Funding Requirements
- Product Liability
- Product Recalls
- Insurance and Uninsured Risks
- Regulations on Products
- Management of Growth
- Intellectual Property Protection
- Conflicts of Interest
- Unfavourable Publicity or Consumer Perception
- Foreign Market Risk
- Share Price Volatility
- Transportation Disruptions
- Reliance on Key Inputs
- Dependence on Suppliers and Skilled Labour
- Difficulty to Forecast
- Need to Attract and Retain Qualified Personnel
- Litigation
- Currency Risk
- Dividends
- Limited Market for Securities

Although the Issuer and Braingrid have attempted to identify important factors that could affect the Resulting Issuer and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that

Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information.

The Forward Looking Information contained in this Listing Statement are made as of the date hereof and, unless so required by applicable law, the Issuer, Braingrid and the Resulting Issuer undertake no obligation to update publicly or revise any Forward Looking Information, whether as a result of new information future events or otherwise. The Forward Looking Information contained in this Listing Statement is expressly qualified by this cautionary statement.

## **GENERAL MATTERS**

Any market data or industry forecasts used in this Listing Statement, unless otherwise specified, were obtained from publicly available sources. Although the Issuer and Braingrid believe these sources to be generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

Statistical information included in this Listing Statement and other data relating to the industry in which the Resulting Issuer intends to operate is derived from recognized industry reports published by industry analysts, industry associations and independent consulting and data compilation organizations.

### **1. CORPORATE STRUCTURE**

#### ***1.1 Corporate Name and Office***

The full corporate name of the Resulting Issuer will be Braingrid Limited (formerly Match Capital Resources Corporation). The registered and head office of the Resulting Issuer will be Braingrid's current head office, 150 Bridgeland Avenue, Suite 100, Toronto, ON M6A 1Z5.

#### ***1.2 Jurisdiction of Incorporation & Material Amendments***

The Issuer was incorporated on October 26, 1988 under the OBCA.

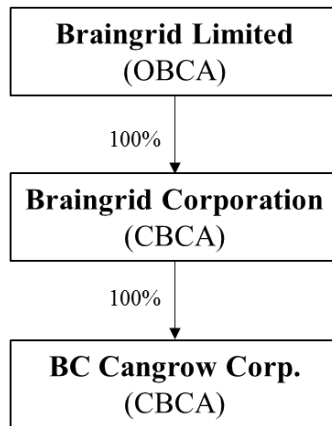
Braingrid was incorporated on May 2, 2012 under the CBCA. On January 30, 2015 Articles of Amendment were filed accomplishing a reverse split of common shares into an unlimited number of Class A, B and C Common Shares.

BG Cangrow Corp., Braingrid's wholly-owned subsidiary, was incorporated on April 7, 2017 under the CBCA.

#### ***1.3 Intercorporate Relationships***

The corporate structure of Resulting Issuer will be as follows:





#### ***1.4 Fundamental Change***

Immediately before listing on the CSE, the Issuer and Braingrid will complete the Transaction. In conjunction with the Transaction, the Issuer will change its name to "Braingrid Limited" and consolidate the Issuer Shares on an 8:1 basis. Upon completion of the Transaction, involving the amalgamation of Braingrid with Match Subco, a wholly owned subsidiary of the Issuer, the Issuer will become the Resulting Issuer and have one direct wholly owned subsidiary, Amalco, and one indirect subsidiary, BG Cangrow Corp. See "2. *General Development of the Business - General Development of the Business of Braingrid Prior to the Transaction – The Transaction*".

#### ***1.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada***

The Issuer and Braingrid are not non-corporate issuers or issuers incorporated outside of Canada.

## **2. GENERAL DEVELOPMENT OF THE BUSINESS**

### ***General Development of the Business of the Issuer Prior to the Transaction***

On October 16, 2016, Match announced a letter of intent with Shaw Lens Inc. and Shaw Vision Inc., private, affiliated binocular vision technology companies, to acquire all the issued and outstanding securities of the company.

On December 17, 2017 Match announced that its previously announced letter of intent with Shaw Lens Inc. and Shaw Vision Inc. was terminated.

On January 2, 2018, Match announced that it entered into a binding letter of intent with Gulf International Minerals & Energy Group Ltd., a private elder care facilities company that was developing a retirement home resort brand called 'GULFCARE', to acquire all the issued and outstanding securities of the company.

On April 17, 2018 Match announced that the previously announced letter of intent with Gulf International Minerals & Energy Group Ltd. was terminated.

On June 4, 2018, Match entered into a letter of intent with respect to the proposed Transaction. See "*General Development of the Business of Braingrid Prior to the Transaction – The Transaction*" below.

### ***General Development of the Business of Braingrid Prior to the Transaction***

The business of the Resulting Issuer will be the business of Braingrid upon completion of the Transaction.

Braingrid is a Toronto-based 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, to licensed cannabis producers, to increase revenues, reduce costs and reduce risks.

Braingrid has commercialized a proprietary device called the "Sentroller". The Sentroller and related technology is licensed to Braingrid pursuant to the Sentroller License Agreement. See the "*Sentroller License Agreement*" below.

Sentrollers connect to sensors, which measure environmental conditions such as temperature, humidity and CO<sub>2</sub>. This data is communicated wirelessly within the facility to a gateway commercially developed by Braingrid and known as the Synapse (the "**Synapse**"), which in turn sends the data via cellular modem to Braingrid's internet based servers. This data can then be accessed by customers via online dashboards and reports. In addition, the platform can send email alarms to the customer when out of bounds conditions are detected. The Sentroller is an extremely versatile device capable of interfacing with a wide variety of sensors.

Braingrid charges a setup fee for the initial installation, as well as an ongoing monthly fee for data access, access to dashboards and reports, as well as, access to email alarm services. The target contract length is 24 months.

Braingrid was founded in Toronto in 2012 by Michael Kadonoff, an ex-General Electric engineer who had a vision for bringing a low cost, low power, long range wireless platform to market that could reveal the secrets of environmental and energy data using third party sensors. He is passionate about making industrial-grade monitoring and control technology much more accessible and simple. Instead of the usual industrial-grade systems that are burdensome, very expensive and require extensive complicated wiring, the Braingrid platform is affordable, versatile and quick to install. Braingrid's product can be used in many business verticals and was originally targeted at the solar energy market.

On November 25, 2015, Braingrid announced the successful completion of a one year pilot program with Solar Income Fund, field proving the capabilities of the Sentroller.

On December 1, 2015, Braingrid released its commercialized version of the Sentroller – a wireless sensor hub and software platform designed to economically monitor hundreds of residential solar energy systems over a large geographical area. This solution provided asset owners with an economical monitoring service for smaller scale and/or remote photovoltaic (PV) power station equipment. In these applications, the Sentrollers connected to the solar inverter to collect energy production, equipment status and others before transmitting the data over

Braingrid's proprietary 900MHz wireless system to a geographically central cellular gateway which then relayed this time stamped, per-site data to the cloud-based network software platform. Once received, the secure servers further processes data collected from multiple Sentrollers at multiple locations, enabling stakeholders to monitor each power station remotely. See the "*Sentroller License Agreement*" below.

In December 2015, Braingrid entered into a contract with a large residential solar operator to supply Sentrollers at numerous residential solar locations in Ontario. Installation difficulties with one of its customers, along with recognition that the solar market in Canada was too small to achieve the necessary scale for growth led Braingrid to shift its focus to other markets.

In January 2016, Internet of Things Inc. made a \$500,000 equity investment in Braingrid and the parties then entered into a joint venture to take the Braingrid platform to industrial plants in China. Braingrid successfully deployed its platform in a chemical factory in Chengdu, China that summer.

After completion of the installation in China, the company quickly realized the potential for innovative sensing products in the Precision Agriculture market, and more specifically the cannabis market and in mid-2016, Braingrid pivoted to the Precision Agriculture market, including the cannabis market. In September, 2016, Braingrid completed the installation of a pilot project at WeedMD's facility in Aylmer, Ontario.

In May 2017, Braingrid signed a memorandum of understanding with Ample Organics Inc. ("**Ample**"), a seed-to-sale software company servicing 70% of Canadian licensed cannabis producers. The substance of the memorandum of understanding was to enter into a strategic partnership facilitating their customers' ability to generate harvest analytics by correlating Braingrid's environmental data with Ample's yield data.

In July, 2017, Braingrid installed the first project under the Ample agreement at UP Cannabis, a licensed medical cannabis grower in Brantford, Ontario. The formal strategic partnership agreement with Ample was signed in November 2017.

In November 2017, Braingrid also signed a memorandum of understanding with Wexus Technologies Inc. ("**Wexus**"). Wexus is a San Francisco-based company focused in energy & water efficiency for agriculture. The memorandum of understanding laid the foundation for an agreement whereby Wexus would deploy Braingrid's Sentrollers to measure energy use as well as other critical parameters for their farmer and cannabis grow clients throughout California.

In May 2018, Braingrid signed a strategic alliance agreement (the "**R2G Agreement**") with R2G Global LLC ("**R2G**") and its Canadian affiliate, Rent2Grow Canada Inc. R2G offers a first-of-its-kind facility, platform and community for individuals to safely, legally and cost-effectively grow their own medicinal or recreational cannabis, away from their homes and residences. The agreement lays the foundation for Braingrid to exclusively supply the monitoring and controls for R2G's grow pods in their facilities in Canada, United States and other locations around the world. On December 14, 2018 the controlling shareholders of R2G advised that the company was encountering difficulty completing its financial raise due to internal shareholder matters and now intends to grow its business going forward under a new brand name owned by Greenhouse

Rentals LLC, organized under the laws of the State of Colorado. The parties intend to amend the R2G Agreement early in 2019 to incorporate the terms and conditions of the original agreement.

On June 6, 2018, Braingrid entered into advisory agreements pursuant to which Braingrid agreed to issue 481,069 Braingrid Class C Shares to 514 Finance Inc. and 192,428 Braingrid Class C Shares to Harris Capital Corp. (together the "**Braingrid Advisory Shares**").

On October 23, 2018 Braingrid entered into a strategic alliance agreement with ZincNyx Energy Solutions Inc. ("**ZincNyx**") (a wholly-owned subsidiary of MGX Minerals Inc. (CSE:XMG)) to co-develop and market a packaged energy management product offering for the cannabis cultivation market. It is intended that the partnership will leverage Braingrid's software and technology and ZincNyx's modular energy storage systems, which provide scalable regenerative zinc-air flow battery for mass storage of energy, to provide cannabis cultivators with renewable solutions for cultivation. ZincNyx and Braingrid have agreed to sign a definitive agreement early in 2019.

Braingrid intends to capitalize on the potential of the agreements with Ample, Wexus, R2G and ZincNyx in 2018 and 2019 as well as to pursue other partnerships and business opportunities in the North American cannabis market and the Precision Agriculture market.

In addition, Braingrid continues to look for merger and acquisitions targets in related cannabis, general precision agricultural, energy conservation and data analytic markets throughout North America. Beyond increasing its revenue base and its operations to support such growth, Braingrid does not anticipate any material change in its business to occur during the current fiscal year.

#### *Offering of Braingrid Winter 2018 Units*

Between February 13, 2018 and April 9, 2018, Braingrid completed a non-brokered private placement of 6,668,000 units ("**Braingrid Winter 2018 Units**") at a price of \$0.40 per unit for total gross proceeds of \$2,667,200. Each such unit was comprised of one Braingrid Class C Share and one-half of one Braingrid Class C Share purchase warrant ("**Braingrid Winter 2018 Warrant**") with each whole warrant exercisable at a price of \$0.80 into one Braingrid Class C Share for a period of 18 months after Braingrid (or a successor issuer) becomes a "reporting issuer" in one or more Canadian jurisdictions and the listing of the Braingrid Shares (or shares into which the Braingrid Shares may be exchanged) on a recognized North American stock exchange. In connection with the offering of Braingrid Winter 2018 Units, Braingrid paid a cash commission of \$140,656 and issued 175,820 finder warrants ("**Braingrid Winter 2018 Finder Warrants**") with each such finder warrant entitling the holder to acquire one Braingrid Winter 2018 Unit at an exercise price of \$0.40 at any time until August 13, 2019.

As part of the offering of Braingrid Winter 2018 Units, Braingrid undertook to pay a monthly liquidity incentive payment to each subscriber 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 in the event that Braingrid does not complete a going public transaction within 90 days of the closing of the Offering (the "Liquidity Incentive"). The amount of this Liquidity Incentive up to November 30, 2018 was \$172,353. Subject to receipt of

applicable regulatory approvals, the Company intends to offer all shareholders affected by the liquidity incentive an opportunity to convert the payment of cash to Braingrid Fall 2018 Units and Braingrid Fall 2018 Warrants (defined below and converted to Braingrid Limited share equivalent).

#### *Offering of Braingrid Fall 2018 Units*

On October 11, October 22, October 26, 2018 and December 10, 2018 Braingrid completed a non-brokered private placement of an aggregate of 1,864,400 units ("**Braingrid Fall 2018 Units**") at a price of \$0.80 per Braingrid Fall 2018 Unit. Each such unit is comprised of one Braingrid Share and one Braingrid Share purchase warrant ("**Braingrid Fall 2018 Warrant**") with each warrant exercisable at a price of \$1.00 into one Braingrid Share for a period of 24 months from the closing of the offering. In connection with the offering of Braingrid Fall 2018 Units, Braingrid paid the following compensation; a cash commission of \$35,400, 119,625 Braingrid Class C Shares and 54,625 finder's warrants ("**Braingrid Fall 2018 Finder Warrants**") with each such finder's warrant being exercisable into one Braingrid Class C Share at a price of \$1.00 for a period of 24 months from the closing of the offering. \$650,000 of the \$1,441,520 of gross proceeds was paid for through the issuance of 1,000,000 common shares of MGX Minerals Inc. at a deemed price of \$0.65 per share (the "**MGX Shares**"). The MGX shares received by Braingrid are subject to a four-month hold. Braingrid's intention regarding the MGX Shares subsequent to the expiration of the four-month hold is to dispose of them in the market on an if and when needed basis.

As part of the offering of Braingrid Fall 2018 Units, Braingrid will agree to pay a monthly liquidity incentive payment to each subscriber 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 in the event that Braingrid does not complete a going public transaction by September 30, 2018, October 31, 2018 or, in certain cases, November 30, 2018 (the "**Fall Liquidity Incentive**"). The amount of this Fall Liquidity Incentive up to November 30, 2018 was \$8,750. Subject to receipt of regulatory approval, the Company intends to offer all shareholders affected by this Fall Liquidity Incentive an opportunity to convert the payment of cash to Braingrid Fall 2018 Units and Braingrid Fall 2018 Warrants (converted to Braingrid Limited share equivalent).

#### *The Transaction*

On June 4, 2018, Braingrid and Match entered into a letter of intent to acquire all of the issued and outstanding securities of Braingrid (referred to herein as the Transaction).

The Transaction will be completed by way of a three-cornered amalgamation of Braingrid, Match and a wholly-owned subsidiary of Match ("**Match Subco**") to form a new company ("**Amalco**").

Subject to the satisfaction of the conditions to closing, on or prior to the closing of the Transaction (the "**Closing Date**"), Match Subco will amalgamate with Braingrid to form Amalco and Match will issue Issuer Shares (post Issuer Consolidation (defined below)) to the shareholders of Braingrid ("**Resulting Issuer Shares**"), in consideration for the transfer of their

Braingrid Shares to Match, on the basis that each Braingrid Share will be exchanged for two (2) Resulting Issuer Shares, resulting in Amalco becoming a wholly-owned subsidiary of Match. The Transaction will be an arm's length transaction for Match.

Upon the closing of the Transaction, Match will be renamed "Braingrid Limited" or such other name as the parties agree to.

Approximately \$345,000 of debt of the Issuer will be converted into Resulting Issuer Shares at a price of \$0.40 per Resulting Issuer Share, subject to regulatory approval.

Match will consolidate all of its issued and outstanding securities on a one (1) for eight (8) basis (or such other ratio as may be required by CSE policies) (the "**Issuer Consolidation**").

The closing of the Transaction is subject to several conditions including, among other things: (i) receipt of all regulatory approvals, including that of the TSXV and CSE, as applicable; (ii) requisite corporate approval of the various transactions contemplated by the Transaction from the directors and shareholders of Match and Braingrid, as applicable; (iii) closing of the minimum offering of Braingrid Fall 2018 Units; and (iv) approval by the Issuer Shareholders of the proposed name change, the Issuer Consolidation, the shares for debt settlement terms (if required) and the share issuances to the shareholders of Braingrid, specifically the deemed price at which such debt will be settled and shares will be issued being \$0.40 per Resulting Issuer Share.

On September 17, 2018, Braingrid, Match and Match Subco entered into a definitive acquisition agreement with respect to the Transaction (the "**Acquisition Agreement**").

### ***Significant Acquisitions or Dispositions***

See "*General Development of the Business of Braingrid Prior to the Transaction – The Transaction*".

### ***Trends, Commitments, Events or Uncertainties***

As the legalized cannabis market is evolving globally, government decisions, legislation, approvals, delays etc. could have a material indirect effect on Braingrid's business. For example, Prime Minister Justin Trudeau recently announced that cannabis will become legal in Canada on October 17, 2018 not on July 1, 2018 as had become the public expectation. Even with such a definitive date, regulations by each province are not expected to be fully implemented by the target date and for many months thereafter. This and other unexpected operational challenges may substantially impact Braingrid's business prospects. This is illustrative of the type of delays, regulatory adjustments and compliance requirement changes that could impact the Resulting Issuer. These events may occur at all levels of the government: federal, provincial and municipal. See "*Risk Factors – U.S. Related Risk Factors*" for additional risk factors relating to the Resulting Issuer's participation in the U.S. marketplace.

### **3. NARRATIVE DESCRIPTION OF THE BUSINESS**

#### ***General Business of the Issuer***

Match is a publicly held company that was in the business of mining exploration and development. Match had a joint venture interest with Western Troy Capital Resources Inc. with respect to certain mineral claims located near Indian Lake in Northern Quebec. However, Match notified Western Troy Capital Resources Inc. during the 2014 fiscal year that it was not interested in retaining any interest in the Indian Lake properties and that it did not wish to participate further in the joint venture. Prior to the announced letter of intent with respect to the Transaction, Match was searching for suitable assets or businesses to acquire or with which to merge with a view to maximizing value for shareholders. Match has historically invested surplus cash in marketable securities. Match is incorporated under the OBCA and its common shares are listed on the NEX board of the TSXV.

#### ***General Business of Braingrid and the Resulting Issuer***

The business of the Resulting Issuer will be the business of Braingrid upon completion of the Transaction.

Primarily through a subsidiary of Braingrid, it is principally engaged in monitoring and controlling elements of facilities in the Precision Agriculture market, which is its only operating segment at this time.

Braingrid is actively searching for new transactions which are complementary and accretive to its business and may determine to pursue such transactions in an opportunistic manner if an opportunity becomes available.

#### ***Principal Products***

Braingrid provides a wireless sensor hub and software platform designed to enable Precision Agriculture farmers and growers the opportunity to monitor and control their facilities. This is achieved using a device called the Sentroller together with a gateway called the Synapse. The development of the Synapse has been recently completed and the product is now being commercialized by Braingrid.

The Sentroller is a hardware platform which connects and collects readings from both internal and external sensors while deployed in-field. In order to communicate the collected readings, the Sentroller employs a proprietary wireless radio transceiver on a 902 - 928MHz band ("**900MHz**"). In addition to the proprietary wireless protocol, all data is encrypted locally on the Sentroller prior to transmission over the air. This information payload is received by the Synapse gateway which relays the payload through a cellular data connection and ultimately to Braingrid's world wide web cloud servers. At no point in the wireless communication to Braingrid servers is customer-specific information transferred over the air.

All raw data, user dashboards, APIs, reports, and other customer facing front-end elements are only accessible using AWS's (Amazon Web Service) best in class, Cognito Authentication service.

### ***Sales, Methods of Distribution & Principal Markets***

Braingrid primarily targets its monitoring solution to the North American licensed cannabis sector. Its strategy is to go-to-market with industry leading channel partners, such as Ample Organics and R2G Global in Canada and in the U.S. While its versatile solution has applications in many markets, it is targeting licensed producers of cannabis due to the high-value nature of the crop and high-risk aspects of the grow. Braingrid will distribute its solution through direct sales to cannabis growers, through sales to third party partners, as well as, via original equipment manufacturer (OEM) sales to potential customers.

### ***Revenue***

Revenues equalled \$43,855 for the fiscal year ended January 31, 2018. Braingrid had no revenue during the fiscal year ended January 31, 2017.

All revenue has been derived from sales to external customers including sales to Ample Organics Inc.

### ***Sentroller License Agreement***

Effective May 1, 2016, Braingrid entered into a license agreement (the "**Sentroller License Agreement**") with Michael J. Kadonoff, a director and officer of Braingrid and a proposed director and officer of the Resulting Issuer, as licensor and Braingrid as licensee. Pursuant to the agreement, Braingrid acquired a worldwide, royalty-bearing, exclusive license (the "**Sentroller License**") to the Licensed Technology (defined below), which includes the Sentroller Technology (defined below). 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.

The Sentroller License is an essential contract for Braingrid since the Sentroller is used in every format offered by Braingrid to its customers. The Sentroller License relates to a patent owned by the Licensor, a related party, bearing U.S. Patent Application no. 14/502,147 and issued as Patent No. 10,031,166 (the "**Sentroller Patent**"). The Canadian patent is being pursued during 2019, as it is customary to pursue the US patent first.

### ***Sentroller Technology***

The "**Sentroller Technology**" refers to the advanced system monitoring and management technology for use in monitoring, communicating with and controlling remote devices and equipment and 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.

### *Licensed Technology*

Pursuant to the Sentroller License Agreement, the Licensor has licenced to Braingrid the following (the "**Licensed Technology**"):

- (a) the Sentroller Technology;
- (b) any inventions within the scope of the Licensor's patent applications with respect to the Sentroller Technology as at the date of the Sentroller License Agreement and any domestic or foreign divisional, continuation, continuation-in-part, reissue, or re-examination patent applications and patents related thereto by a common domestic or international priority claim, including, for greater certainty, the Sentroller Patent (the "**Licensed Patents**");
- (c) any inventions made by the Licensor during the term of the agreement and relating to the Sentroller Technology or any related or similar technology, including any technology useful for the same purposes as the Sentroller Technology (the "**Developments**");
- (d) any modification, improvement or other variant that is based on, derived from or otherwise directly related to the Licensed Technology, whether patentable or not; and
- (e) all data, designs, specifications, diagrams, drawings, reports, memoranda, tests and test results owned by Licensor (collectively, the "**Licensor Technology**"), whether in the form of fixed, intangible or machine readable media that are confidential or designated in writing by Licensor as its trade secrets or proprietary know-how, including but not limited to knowledge, know-how, trade secrets or information that relates to such Licensor Technology and technology used to implement the Licensor Technology, whether patentable or not.

### *Developments*

During the term of the Sentroller License Agreement, either party, individually or jointly with others, or the parties working together, may make Developments. All Developments will be included within the Licensed Technology and any patent applications filed or patents obtained for any Development will be included in the Licensed Patents.

### *Research and Development Programs*

Braingrid continuously conducts research and development ("**R&D**") to improve and advance features for the Sentroller and Synapse together with the introduction of new potential programs. The estimated costs of Braingrid's research and development initiatives for the fiscal year ended January 31, 2019 are estimated to exceed \$400,000.

Braingrid primarily carries out its own research and development. Some development projects are contracted out such as with respect to user interfaces. Braingrid has submitted and received Scientific Research and Experimental Development ("**SRED**") tax credits for its R&D work: \$175,615 in fiscal 2016, \$190,814 in fiscal 2017 and \$210,238 in fiscal 2018.

The Licensor and Braingrid, individually or jointly with others or together, may make Developments as defined in the Sentroller License Agreement. All such Developments will be included within the Licensed Technology and any patent applications filed or patents obtained for any Development will be included in the Licensed Patents, all accruing to the benefit of the Licensor. For clarity, any modification, improvement or variant of technology owned by the Licensee as of May 1, 2016 is the property of Braingrid and will not be a Development.

Braingrid's R&D activities are focused on hardware and software modifications that make the customer experience more valuable. The Synapse is the result of a major R&D effort to create a low cost effective gateway to efficiently deliver sensor data globally. Ongoing R&D is focused on testing new sensor products; measuring energy and other elements within a grow facility; and improving long distance and mobile connectivity and communication. Braingrid has a robust product roadmap and is planning to continue to enhance the product offering in the future.

### ***Production***

All manufacturing is currently performed in Ontario, Canada. Braingrid prefers to fabricate devices in Canada rather than offshore to maintain quality control at low levels of production. Braingrid is also planning to fabricate devices in the United States to avoid customs and duties while reducing shipping expenses. Braingrid uses contract manufacturers that assemble, test and hold products like the Sentroller and Synapse; Braingrid plans to have product eventually shipped to customers directly from the contract manufacturer. All of the foregoing should occur in early 2019 subject to Braingrid being able to negotiate agreements with local contract manufacturers. The Sentroller is designed to be installed by the customer although, for large installations, Braingrid expects that it will have to use its staff to complete the installations. Installation time is not considered significant, although associated travel costs could be significant.

### ***Leased Property***

Braingrid's leased premises are located at 150 Bridgeland Avenue, Suite 100, Toronto, Ontario M6A 1Z5. The lease is a three year lease that expires on July 31, 2021. The landlord is not a Related Person (as defined by the policies of the CSE). The current rent is \$10,361.58 per month (inclusive of HST). The lease has been and continues to be in good standing.

### ***Specialized Skill & Knowledge***

Braingrid employs highly skilled software and hardware developers and engineers. It possesses all the skills in-house to provide the devices and software to operate them. The failure of Braingrid to retain its key personnel may have a material adverse effect on its business, results and operations. See "*Risk Factors*".

## ***Components***

The Sentroller contains over 200 parts that are sourced from numerous companies around the world. Some parts are freely available while others require long lead times. The Sentroller is produced by contract manufacturers. The cost of the Sentroller is not disclosed to the public and it varies depending upon the applicable features required for each application. The essential factor is that it is designed to be a low cost device.

## ***Intangible Properties***

### ***Sentroller License***

See above under "*Sentroller License*".

### ***Other Intangible Properties***

In addition to the Sentroller License, Braingrid has the following intangible property: Registered Canadian trademark: TMA999,763 (June 26, 2018) - BRAINGRID & Tree Design.

## ***Cyclical and Seasonality***

Given that the majority of current deployments are in indoor agricultural environments, there are no material discernable cyclical or seasonal aspects to the business. This could change if and when Braingrid provides services to more outdoor agricultural clients.

## ***Renegotiation or Termination of Contracts***

Braingrid is in the early stages of offering its products and services for sale through a SaaS (software as a service) model. At this time and for the next 12 months, Braingrid does not foresee any large customer having a material impact on Braingrid through renegotiation or termination of their contract. R2G's agreement with Braingrid's subsidiary is in good standing but subject to amendment as stated above (see "*General Development of the Business of Braingrid Prior to the Transaction*"). It is possible that a sale involving large quantities of products may occur with R2G but such sales may not achieve their anticipated levels. In such an event, Braingrid can redeploy any such products to other customers without significant loss.

## ***Employees***

As at November 30, 2018, Braingrid had 17 full time employees.

## ***Risks of Foreign Operations***

Braingrid plans to conduct business in the United States. This is considered relatively early-to-market since federal legislation in the United States prohibits the manufacture and sale of cannabis products. No one customer in Canada or the United States has material revenue impact on Braingrid other than R2G. R2G plans its early sales to occur in South Africa and Canada where the recreational cannabis market became legal in October 2018. The United States is generally more litigious than Canada and operating in the United States could therefore expose

Braingrid to increased liability. All North American cannabis industry sales are made through a 100% owned Canadian subsidiary. Braingrid does not expect to send its employees to the United States to install its products, hence its employees are not considered "plant touching" which can increase legal exposure to United States federal laws. In due course once United States revenues are significant, the Resulting Issuer will determine whether it should have a United States subsidiary.

***Disclosure Statement re: Canadian Securities Administrators Notice 51-352 – Issuers with U.S. Marijuana-Related Activities***

See "16. Risk Factors – U.S. Related Risk Factors".

***Reliance on Contracts***

There are no contracts with customers where Braingrid is substantially dependent except for the strategic partnership agreement with Ample. In that case, the ongoing goodwill of Ample is considered substantially supportive to making sales to Ample customers. Braingrid is also substantially dependent upon the continuation of the Sentroller License since the Sentroller is used in all deployments with customers.

***Competitive Conditions***

Currently, large cannabis growers typically install industrial control systems to automate their environmental systems. These systems from companies such as Argus Control Systems Ltd. and Priva, provide limited sensing with industrial control. Unlike Braingrid's products, these systems are focused on control of equipment, not on getting comprehensive, timely data out of the grow facility. These legacy solutions are expensive, create a disruptive install and are not easily scalable after installation. Customers could choose to use these existing systems to monitor their grow, however, they are often missing some key opportunities. A Braingrid solution, due to its affordability, offers the opportunity to monitor multiple sensors in a grow room, which can lead to the identification of micro-climates that would otherwise be missed by their existing systems. As the Braingrid solution is wireless, installation can typically be completed in 15 minutes. Since Braingrid focuses on information derived from data, it is possible to leverage the environmental data, as well as customer yield data through analytics to determine optimal grow conditions. This analytical information is expected to further distinguish Braingrid from the competition. This is especially so when Ample's grow data and Braingrid's environmental data are combined and analyzed through artificial intelligence to produce superior growing knowledge that competitors cannot easily achieve. To date, Ample's development of their API connectivity has been slower than anticipated.

There are several companies, attempting to deliver a similar solution as Braingrid. These are often poorly capitalized, and there is no clear leader in the segment. Management believes that Braingrid's strategic agreement with Ample creates an increased barrier to entry for competitors wishing to compete with Braingrid in Canada.

### ***Business Objectives & Milestones***

The Resulting Issuer's primary business objectives, associated milestones and estimated costs over the next 12-month period are as follows:

#### ***Execute R2G product roadmap***

In May of 2018, Braingrid signed a definitive agreement with R2G to be the exclusive provider of monitoring and controls for their grow pod designed for franchised community grows. Braingrid will execute its product development as per the terms of that agreement, subject to amendment as stated above (see “*General Development of the Business of Braingrid Prior to the Transaction*”).

#### **Related Milestones:**

- Design of R2G controller hardware was completed in September 2018.
- Release R2G controller for production by January 31, 2019.

Estimated remaining costs to achieve: \$50,000

#### ***Investigate other vertical applications of the Sentroller platform:***

The Sentroller is an exceptionally versatile device and its capabilities can be implemented in many different markets within the Precision Agriculture industry, as well as in the energy industry.

#### **Related Milestones:**

- Identify potential partners by December 2018.
- Complete two strategic partnership agreements in new verticals by July 2019.

Estimated costs to achieve: \$50,000

#### ***Increase customer count***

It is critical for Braingrid to increase its customer count in 2018 as it builds revenue.

#### **Related Milestones:**

- The first step is to leverage its strategic agreement with Ample to co-market to their customer base. Management expects the program to be completed as early as fall 2018.
- Braingrid signed a memorandum of understanding with Wexus which lays the foundation for an agreement whereby Wexus would deploy Sentrollers to measure energy use as well as other critical parameters for its farming and cannabis clients. Braingrid is investing in two pilot projects with Wexus to prove the viability of

the Braingrid platform. The first pilot project was completed in September 2018 (and the customer has converted to a paid subscription) and the second pilot project was deployed in December 2018.

- Braingrid is in active negotiations with Wexus now to cement a definitive agreement that contemplates a global rollout of a Braingrid-Wexus joint offering.

Estimated costs to achieve: For marketing and pilot project costs Braingrid will invest approximately \$100,000.

### ***Funds Available***

The estimated working capital of Braingrid as at December 10, 2018 is \$2,053,587. The estimated working capital deficiency of the Issuer as at December 10, 2018, 2018 is \$365,000, of which approximately \$345,000 will be converted into Issuer stock concurrent with the closing of the Transaction. The estimated working capital of the Resulting Issuer as at October 31, 2018 is \$2,053,587.

The principal purposes of the funds available to the Resulting Issuer are set out below:

<b>Use of Available Funds</b>	<b>Offering of Braingrid Fall 2018 Units<sup>(1)</sup> (\$)</b>
General and Administrative Expenses <sup>(2)</sup>	1,492,739
Execute remaining R2G product roadmap	50,000
Investigate other vertical applications of the Sentroller platform	50,000
Increase customer count	100,000
Transaction costs	120,000
Public company costs	10,000
Professional services	24,000
Unallocated working capital	206,848
<b>Total</b>	<b>2,053,587<sup>(1)(3)</sup></b>

Note:

(1) Numbers provided on a pro forma basis as at December 10, 2018.

(2) General and administrative expenses represent the total estimated operating expenses, net of contracted revenue and less the R2G product roadmap, investigation of other vertical applications of the Sentroller platform, increased customer count, transaction costs, public company costs, professional services costs and financing commission over the twelve months ending November 30, 2019.

(3) \$650,000 of the \$1,615,559 of working capital is MGX Shares, 1,000,000 MGX Shares at a deemed market value of \$0.65 per MGX Share. The MGX Shares are subject to a four-month hold period (expiring on February 23, 2019) and subsequent to the hold period will be sold by Braingrid on an if and when needed basis.

Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

See above under "*Milestones*" for a description of how the principal purposes of the funds available will be used to achieve the milestones of the Resulting Issuer.

### ***Companies with Asset-backed Securities Outstanding***

Not applicable.

### ***3.2 Mineral Projects***

Not applicable.

### ***3.3 Issuers with Oil and Gas Operations***

Not applicable.

## **4. SELECTED CONSOLIDATED FINANCIAL INFORMATION**

### ***4.1 Financial Information***

#### ***Issuer***

The following table is a summary of selected financial information of the Issuer for the fiscal years ending October 31, 2017 and 2016 and the nine months ended July 31, 2018.

	<b>Fiscal Year Ended October 31, 2016 (audited, \$)</b>	<b>Fiscal Year Ended October 31, 2017 (audited, \$)</b>	<b>Nine Months Ended July 31, 2018 (unaudited, \$)</b>
Revenue	Nil	Nil	Nil
Net income (loss)	(64,139)	(61,097)	(43,079)
Basic and diluted (loss) per share	(0.01)	(0.01)	(0.01)
Total assets	2,086	18,113	10,869
Total liabilities	251,793	328,917	364,752

A copy of the financial statements of the Issuer for the years ended October 31, 2016 and October 31, 2017 and the nine months ended July 31, 2018 are attached as Schedule "A" to this Listing Statement.

### *Braingrid*

The following table is a summary of selected financial information of Braingrid for the fiscal years ending January 31, 2018 and 2017 and the six months ended July 31, 2018.

	<b>Fiscal Year Ended January 31, 2017 (audited, \$)</b>	<b>Fiscal Year Ended January 31, 2018 (audited, \$)</b>	<b>Six Months Ended July 31, 2018 (unaudited, \$)</b>
Revenue	Nil	41,585	145,059
Net loss	647,870	1,386,672	1,067,970
Basic and diluted loss per share	0.06	0.12	0.06
Total assets	531,397	437,207	1,592,019
Total liabilities	540,317	764,999	439,225

A copy of the financial statements of Braingrid for the years ended January 31, 2017 and January 31, 2018 and the six months ended July 31, 2018 are attached as Schedule "B" to this Listing Statement.

## **4.2 Quarterly Information**

### *Issuer*

The following information is in respect of the Issuer for the eight quarters preceding the date of this Listing Statement:

<b>Quarter Ended</b>	<b>Total Revenues</b>	<b>Net Loss</b>	<b>Basic and diluted loss per share</b>
July 31, 2018	Nil	12,553	0.00
April 30, 2018	Nil	16,189	0.00
January 31, 2018	Nil	14,337	0.00
October 31, 2017	Nil	12,059	0.00
July 31, 2017	Nil	12,108	0.00
April 30, 2017	Nil	26,274	0.00
January 31, 2017	Nil	10,656	0.00



October 31, 2016	Nil	29,499	0.00
July 31, 2016	Nil	11,706	0.00

Copies of the unaudited interim financial statements for the periods listed above for the Issuer are available on the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com). A copy of the unaudited interim financial statements of the Issuer for the period ended July 31, 2018 are attached as Schedule "A" to this Listing Statement.

### *Braingrid*

The following information is in respect of Braingrid for the eight quarters preceding the date of this Listing Statement:

<b>Quarter Ended</b>	<b>Total Revenues</b>	<b>Net Loss</b>	<b>Basic and diluted loss per share</b>
July 31, 2018	130,308	535,449	0.03
April 30, 2018	14,750	532,523	0.03
January 31, 2018	13,269	537,419	0.05
October 31, 2017	14,970	408,525	0.04
July 31, 2017	1,750	188,363	0.02
April 30, 2017	15,500	252,332	0.02
January 31, 2017	Nil	226,487	0.02
October 31, 2016	Nil	127,337	0.01
July 31, 2016	Nil	152,275	0.01

### **4.3 Dividends**

Neither the Issuer nor Braingrid have paid any dividends on their common shares since incorporation.

Other than restrictions in the CBCA there are no restrictions on the Resulting Issuer's ability to declare dividends.

With respect to the Resulting Issuer, the payment of dividends, if any, will rest within the sole discretion of the directors of the Resulting Issuer. The decision to declare and pay dividends depends upon earnings, capital requirements and financial condition, as well as other relevant factors. Since incorporation, Braingrid has not declared any cash dividends and it intends to retain its earnings to finance the growth and expansion of its operations. As such, Braingrid and

the Issuer do not anticipate that the Resulting Issuer will pay any dividends on the Resulting Issuer Shares or other securities in the foreseeable future.

#### **4.4 Foreign GAAP**

Not applicable. The financial statements included in this Listing Statements have been, and the future financial statements of the Issuer shall be, prepared in accordance with IFRS.

### **5. MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Issuer's management's discussion and analysis for the years ended October 31, 2017 and 2016 and the nine months ended July 31, 2018 are available on the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com) and are attached as Schedule "C" hereto.

Braingrid's management's discussion and analysis for the years ended January 31, 2018 and 2017 and the six month period ended July 31, 2018 are attached as Schedule "D" hereto.

### **6. MARKET FOR SECURITIES**

The Issuer Shares are listed on the TSXV as "MCH.H" and, subject to the final approval of the CSE, immediately prior to the completion of the Transaction the Issuer's Shares will be delisted from the TSXV and the Resulting Issuer Shares will be listed on the CSE under the trading symbol "BGRD". Listing on the CSE will be subject to the Resulting Issuer fulfilling all of the requirements of the CSE.

### **7. CONSOLIDATED CAPITALIZATION**

The following table sets out the capitalization of the Issuer as at October 31, 2017 and prior to giving effect to the Transaction:

<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding as at October 31, 2017</b>	<b>Amount Outstanding Prior to the Transaction, Assuming the Issuer Consolidation</b>
Issuer Shares	Unlimited	8,615,445	1,076,931 <sup>(1)(2)</sup>
Issuer Options	10% of the Issuer Shares	Nil	Nil

Notes:

(1) Does not include the 200,000 Issuer Shares (pre Issuer Consolidation, or 25,000 post Issuer Consolidation) are issuable to Elizabeth Kirkwood pursuant to a letter agreement dated April 30, 2014 in consideration for terminating a management agreement between the Issuer and Elizabeth Kirkwood dated March 2012.

(2) Does not include the proposed shares for debt conversion. Assuming \$345,000 of debt of the Issuer to be converted, 862,500 Resulting Issuer Shares shall be issued.

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Transaction, and should be read with the unaudited pro forma consolidated financial statements of the Resulting Issuer included as Schedule "E" hereto:

<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding after Transaction</b>
Resulting Issuer Shares		45,764,944
• Issuer Shares after the Issuer Consolidation		1,076,931
• Issuer Shares issued in exchange for debt, after the Issuer Consolidation		862,500
• Issuer Shares to Elizabeth Kirkwood		25,000
• Braingrid Shares from issuance of the Braingrid Advisory Shares		1,346,992
• Braingrid Shares from the offering of Braingrid Winter 2018 Units		13,336,000
• Braingrid Shares to finders from the offering of Braingrid Winter 2018 Units		351,640
• Braingrid Shares from the offering of Braingrid Fall 2018 Units		3,728,800
• Braingrid Shares to finders from the offering of Braingrid Fall 2018 Units		239,250
• Braingrid Shares not described above		24,797,831
<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding after Transaction</b>
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Winter 2018 Warrants	6,668,000	6,668,000
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Fall 2018 Warrants	7,500,000	3,728,800
Resulting Issuer Shares reserved upon exercise of Resulting Issuer Winter 2018 Finder Warrants	351,640	351,640
Resulting Issuer Shares reserved upon exercise of Resulting Issuer Fall 2018 Finder Warrants	109,250	109,250
Resulting Issuer Legacy Warrants	2,000,000	2,000,000
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Legacy Options	5,984,902	5,984,902

## 8. OPTIONS TO PURCHASE SECURITIES

### *Resulting Issuer Option Plan*

On completion of the Transaction, subject to the approval of the Issuer Shareholders at the upcoming shareholder meeting of the Issuer, the Resulting Issuer intends to replace the Issuer Option Plan with an amended and restated option plan (the "**Resulting Issuer Option Plan**") to take effect upon completion of the Transaction.

Capitalized terms used in this section and not otherwise defined, have the meanings ascribed thereto in to the Resulting Issuer Option Plan. The Resulting Issuer Option Plan provides that the board of directors of the Resulting Issuer may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Resulting Issuer, or any subsidiary of the Resulting Issuer, the option to purchase Shares. The Resulting Issuer Option Plan is a "rolling" plan, as the number of Resulting Issuer Shares that may be reserved for issuance under it, along with any other Share Compensation Arrangement, pursuant to a grant of stock options is equal to 10% of the outstanding common shares as at the applicable grant date, as permitted by the policies of the CSE. If any option expires or otherwise terminates after having been granted without having been exercised in full, the number of Resulting Issuer Shares in respect of such expired or terminated option, as the case may be, will again be available for grant for the purposes of the Resulting Issuer Option Plan.

The number of Resulting Issuer Shares reserved for issuance to any one person under any Share Compensation Arrangement, including under the Resulting Issuer Option Plan, may not exceed five percent (5%) of the outstanding Resulting Issuer Shares. The board of directors, determines the price per Resulting Issuer Share and the number of Resulting Issuer Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the CSE. The exercise price per Resulting Issuer Share is subject to any minimum pricing restrictions set by the CSE and also shall not be less than the market price. Options may be exercisable for up to ten (10) years from the date of grant, but the board of directors has the discretion to grant options that are exercisable for a shorter period. Unless otherwise determined by the board of directors, every option awarded will be subject to certain vesting provisions in accordance with the terms of the Resulting Issuer Option Plan. Resulting Issuer Options under the Resulting Issuer Option Plan are non-assignable. If prior to the exercise of a Resulting Issuer Option, the holder ceases to be a director, officer, employee or consultant, other than for cause, the Resulting Issuer Option shall be limited to the number of Resulting Issuer Shares purchasable by him or her immediately prior to the time of his cessation of office or employment and he or she shall have no right to purchase any other Resulting Issuer Shares. Resulting Issuer Options must be exercised within one (1) year of termination of employment or cessation of position with the Resulting Issuer, provided that if the cessation of office, directorship, consulting arrangement or employment was for cause, then all Resulting Issuer Options that have not yet been exercised shall immediately terminate.

### *Outstanding Options*

The Issuer currently has no outstanding stock options.

The following table sets out the Resulting Issuer Legacy Options to be outstanding on completion of the Transaction:

<b>Category</b>	<b>Number of Optionees</b>	<b>Date of Grant</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Executive officers and past executive officers of the Resulting Issuer	2	2/15/2016	817,622	\$0.005	2/15/2026
		4/26/2016	250,000	\$0.005	4/26/2026
		1/31/2017	723,280	\$0.005	1/31/2027
		7/14/2017	650,000	\$0.005	7/14/2027
Directors and past directors of the Resulting Issuer who are not also executive officers of the Resulting Issuer	Nil	Nil	Nil	Nil	Nil
Executive officers and past executive officers of all subsidiaries of the Resulting Issuer who are not also directors or executive officers of the Resulting Issuer	Nil	Nil	Nil	Nil	Nil
Directors and past directors of those subsidiaries who are not also executive officers of a subsidiary and who are not also directors or executive officers of the Resulting Issuer	1	1/1/2015	100,000	\$0.005	1/1/2025
		4/1/2015	225,000	\$0.005	4/1/2025
		7/1/2015	225,000	\$0.005	7/1/2025
		10/1/2015	225,000	\$0.005	10/1/2025
		1/1/2016	150,000	\$0.005	1/1/2026
Other employees	Nil	Nil	Nil	Nil	Nil

and past employees of the Resulting Issuer					
Other employees and past employees of subsidiaries of the Resulting Issuer	1	7/3/2018	260,000	\$0.265	7/3/2028
	1	8/1/2017	200,000	\$0.005	8/1/2027
			190,000	\$0.265	
	8	4/1/2018	200,000	\$0.20	4/1/2028
	1	5/4/2018	20,000	\$0.20	5/4/2028
	1	4/9/2018	150,000	\$0.20	4/9/2028
Consultants	1	8/1/2016	270,000	\$0.265	8/1/2026
		11/1/2016	190,000	\$0.265	11/1/2026
	1	7/14/2016	7,000	\$0.005	7/14/2026
	1	5/7/2018	150,000	\$0.20	5/7/2028
Any other person or company	2	3/31/2015	300,000	\$0.005	3/31/2025
	2	8/1/2016	200,000	\$0.265	8/1/2026
	1	2/1/2017	52,000	\$0.265	2/1/2027
	1	9/18/2017	50,000	\$0.265	9/18/2027
	1	11/22/2017	380,000	\$0.005	11/22/2027
<b>TOTAL</b>	<b>25</b>		5,984,902		

### ***Resulting Issuer RSU Plan***

On completion of the Transaction, subject to the approval of the Issuer Shareholders at the upcoming shareholder meeting, the Resulting Issuer intends to implement a restricted share unit plan (the "**Resulting Issuer RSU Plan**") to take effect upon completion of the Transaction.

### ***Purpose of the Resulting Issuer RSU Plan***

The purpose of the Resulting Issuer RSU Plan is to provide an incentive to the Resulting Issuer's senior officers, employees and consultants to continue their involvement with the Resulting Issuer and to increase their efforts on the Resulting Issuer's behalf.

### ***General Description of the Resulting Issuer RSU Plan***

The Resulting Issuer RSU Plan will be administered by the Resulting Issuer Board. A full copy of the Resulting Issuer RSU Plan will be included in the information circular with respect to the Issuer's upcoming shareholder meeting.

Defined terms not otherwise defined herein have the meanings ascribed to such terms in the Resulting Issuer RSU Plan.

The following is a brief description of the principal terms of the Resulting Issuer RSU Plan, which description is qualified in its entirety by the terms of the Resulting Issuer RSU Plan.

The aggregate number of Resulting Issuer Shares which may be issued under the Resulting Issuer RSU Plan and any other Share Compensation Arrangement will not exceed 10% of the Resulting Issuer Shares at the time of grant of any Resulting Issuer RSUs under the Resulting Issuer RSU Plan.

Resulting Issuer RSUs under the Resulting Issuer RSU Plan may be granted by the Resulting Issuer Board to senior officers, employees or consultants of the Resulting Issuer, collectively known as the "Participants".

At the discretion of the Resulting Issuer Board, Resulting Issuer RSUs granted may vest immediately on the date of grant or in stages. If the grant does not reflect any vesting then such Resulting Issuer RSUs shall vest on the third anniversary of the grant date.

The aggregate number of shares that can be issued under the Resulting Issuer RSU Plan is restricted as follows:

- (a) The aggregate maximum number of Resulting Issuer Shares available for issuance from treasury under the RSU Plan, and any other Share Compensation Arrangement, subject to adjustment, shall not exceed 10% of the total number of Resulting Issuer Shares then outstanding. Any Resulting Issuer Shares subject to a RSU which has been granted under the RSU Plan and which has been cancelled or terminated in accordance with the terms of the RSU Plan will be automatically available for grant of a new RSU under the RSU Plan.
- (b) The aggregate maximum number of Resulting Issuer Shares available for issuance from treasury under the RSU Plan, and any other Share Compensation Arrangement, subject to adjustment, on a fully diluted basis, reserved for issuance (i) to Related Persons, cannot exceed 10% of the outstanding securities of the Resulting Issuer; and (ii) to a Related Person, cannot exceed 5% of the outstanding securities of the Resulting Issuer.
- (c) The aggregate maximum number of securities, calculated on a fully diluted basis, issued within 12 months, including under the RSU Plan and any Share Compensation Arrangement, subject to adjustment, granted to (i) Related Persons, cannot exceed 10% of the outstanding securities of the Resulting Issuer; and (ii) a Related Person and the associates of the Related Person, cannot exceed 5% of the outstanding securities of the Resulting Issuer.

For purposes of the foregoing, the number of Resulting Issuer Shares then outstanding shall mean the number of Resulting Issuer Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable RSU.



In the event of (i) a change of control and (ii) within 12 months of such change of control, the Resulting Issuer terminates the employment of the holder for any reason other than just cause, then all unvested Resulting Issuer RSUs outstanding shall immediately vest on the date of such termination. In any event, upon a change of control, holders shall not be treated any more favourably than shareholders of the Resulting Issuer with respect to the consideration that the holders would be entitled to receive for their Resulting Issuer Shares.

No Resulting Issuer RSU is transferable or assignable by the holder other than by will or the laws of descent.

The Resulting Issuer Board may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to the Resulting Issuer RSU Plan:

- (a) increase the number of Resulting Issuer RSUs which may be issued pursuant to the Resulting Issuer RSU Plan;
- (b) change the definition of "Participant" under the Resulting Issuer RSU Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) amendments that may lead to significant or unreasonable dilution to the Resulting Issuer's outstanding securities, or that may provide additional benefits to participants at the expense of the Resulting Issuer or its shareholders;
- (d) amendments to remove or to exceed the Insider participation limits in the Resulting Issuer RSU Plan; or
- (e) amendments to the Resulting Issuer RSU Plan that would permit Resulting Issuer RSUs, or any other right or interest of a participant under the Resulting Issuer RSU Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Resulting Issuer Board may, subject to receipt of requisite regulatory approval (where required), but not subject to shareholder approval, in its sole discretion make all other amendments to the Resulting Issuer RSU Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature, including typographical, clerical and grammatical errors;
- (b) amend, vary or discontinue the Resulting Issuer RSU Plan at any time subject to certain regulatory restrictions. Any such amendment, variance or discontinuance of the Resulting Issuer RSU Plan is subject to the approval thereof by any stock exchanges on which the Resulting Issuer Shares are listed and posted for trading;
- (c) the addition or a change to the vesting provisions of a Resulting Issuer RSU or the Resulting Issuer RSU Plan;

- (d) a change to the termination provisions of a Resulting Issuer RSU or the Resulting Issuer RSU Plan;
- (e) amendments to reflect changes to applicable securities laws; and
- (f) amendments to ensure that the Resulting Issuer RSUs granted under the Resulting Issuer RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a participant to whom an RSU has been granted may from time to time be a resident, citizen or otherwise subject to tax therein.

## **9. DESCRIPTION OF THE SECURITIES**

### ***Description of the Securities***

#### **Resulting Issuer Shares**

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value.

Holders of Resulting Issuer Shares will be entitled to receive notice of, and to attend and vote at, all meetings of the Resulting Issuer Shareholders, and each Resulting Issuer Share will confer the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Resulting Issuer Board.

Holders of Resulting Issuer Shares will be entitled to receive dividends if, as and when declared by the Resulting Issuer Board.

In the event of a liquidation, dissolution or winding up of the Resulting Issuer or other distribution of assets of the Resulting Issuer among the holders of Resulting Issuer Shares, holders of Resulting Issuer Shares will rank equally as to priority of distribution.

#### **Resulting Issuer Winter 2018 Warrants**

Each Resulting Issuer Winter 2018 Warrant is exercisable into one Resulting Issuer Share at a total exercise price of \$0.40 for a period of 18 months following completion of the Transaction.

#### **Resulting Issuer Winter 2018 Finder Warrants**

Each Resulting Issuer Winter 2018 Finder Warrant is exercisable into one-half of one Resulting Issuer Winter 2018 Warrant and one Resulting Issuer Share at a total exercise price of \$0.20 until August 13, 2019.

#### **Resulting Issuer Fall 2018 Warrants**

Each Resulting Issuer Fall 2018 Warrant is exercisable into one Resulting Issuer Share at a total exercise price of \$0.50 for a period of 24 months from the closing of the offering of Braingrid Fall 2018 Units.

### Resulting Issuer Fall 2018 Finder Warrants

Each Resulting Issuer Fall 2018 Finder Warrant is exercisable into one Resulting Issuer Share at a total exercise price of \$0.50 for a period of 24 months from the closing of the offering of Braingrid Fall 2018 Units.

### Resulting Issuer Legacy Warrants

1,000,000 Resulting Issuer Legacy Warrants are exercisable into one Resulting Issuer Share at an exercise price of \$0.225 and expire on March 31, 2020 and the remaining 1,000,000 Resulting Issuer Warrants are each exercisable into one Resulting Share and expire on March 31, 2025.

### Resulting Issuer Options

See "*Options to Purchase Securities – Resulting Issuer Option Plan*".

### Resulting Issuer RSUs

See "*Options to Purchase Securities – Resulting Issuer RSU Plan*".

### ***Other Material Attributes***

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the securities of the Issuer, Braingrid or the Resulting Issuer.

### ***Prior Sales***

#### **Issuer**

The Issuer has not issued any shares in the 12 months prior to the date of this Listing Statement.

#### **Braingrid**

The following table summarizes the issuances of Braingrid Shares within 12 months prior to the date of this Listing Statement:

<b>Date of Issue</b>	<b>Description</b>	<b>Number of Securities</b>	<b>Price per Security</b>	<b>Total Issue Price</b>
February 13, 2018	Braingrid Winter 2018 Units	6,468,000	\$0.40	\$2,587,200
February 13, 2018	Braingrid Shares issued to Finders	175,820	N/A	N/A
April 9, 2018	Braingrid Winter 2018 Units	200,000	\$0.40	\$80,000
October 11, 2018	Braingrid Fall 2018 Units	837,500	\$0.80	\$670,000

October 11, 2018	Braingrid Shares issued to Finders	108,500	N/A	N/A
October 26, 2018	Braingrid Fall 2018 Units	964,400	\$0.80	\$771,520
October 26, 2018	Braingrid Shares issued to Finders	119,625	N/A	N/A
December 10, 2018	Braingrid Fall 2018 Units	62,500	\$0.80	\$50,000

### ***Stock Exchange Price***

The Issuer Shares are listed and posted for trading on the TSXV under the symbol "MHC.H". The following table sets forth the high and low sale prices and trading volumes of the Issuer Shares on the TSXV for each of the months indicated.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
December 1 2018-Present <sup>(1)</sup>	N/A	N/A	N/A
November 2018 <sup>(1)</sup>	N/A	N/A	N/A
August - October 2018 <sup>(1)</sup>	N/A	N/A	N/A
May – July 2018 <sup>(1)</sup>	N/A	N/A	N/A
February-April 2018 <sup>(1)</sup>	N/A	N/A	N/A
November 2017 - January 2018 <sup>(1)</sup>	N/A	N/A	N/A
August – October 2017 <sup>(1)</sup>	N/A	N/A	N/A
May – July 2017 <sup>(1)</sup>	N/A	N/A	N/A
February – April 2017 <sup>(1)</sup>	N/A	N/A	N/A
November 2016 – January 2017 <sup>(1)</sup>	N/A	N/A	N/A
August – October 2016 <sup>(1)</sup>	\$0.035	\$0.035	37,000

**Note:**

- (1) Trading of the Issuer Shares was halted on October 17, 2016 and will remain halted pending completion of the Transaction.

## 10. ESCROWED SECURITIES

Pursuant to the policies of the CSE, the Resulting Issuer will enter into the Escrow Agreement on or about the Closing Date among TSX Trust, the Resulting Issuer, and certain Resulting Issuer Shareholders. The following table shows the securities of the Resulting Issuer that will be subject to the Escrow Agreement:

<b>Name</b>	<b>Number of Escrowed Resulting Issuer Shares</b>	<b>Amount Outstanding after Transaction</b>
Ken Kadonoff	10,000,000	10,000,000 <sup>(1)</sup>
Michael J. Kadonoff	10,000,000	10,000,000 <sup>(2)</sup>
Matthew Skynner	706,602	706,602
2617572 Ontario Limited	1,020,378	1,020,378
Harris Capital Corp. (Douglas Harris)	384,855	384,855
Eric Klein	120,000	120,000
<b>TOTAL</b>	<b>22,231,835</b>	<b>22,231,835</b>

Notes:

- (1) Ken Kadonoff will own 1,600,000 Resulting Issuers Shares and control 8,400,000 Resulting Issuer Shares owned by certain family members.
- (2) Michael Kadonoff will own 3,000,000 Resulting Issuers Shares and control 7,000,000 Resulting Issuer Shares owned by certain family members.

The Resulting Issuer Shares to be held in escrow pursuant to the terms of the Escrow Agreement shall be released in accordance with the release schedule set forth therein. Pursuant to the Escrow Agreement, 10% of the escrowed Resulting Issuer Shares will be released by the Escrow Agent on the date of the CSE Listing followed by six subsequent releases of 15% every six months thereafter, subject to the rules of the CSE.

The Resulting Issuer Legacy Options set forth below which are held by principals will also be subject to escrow and the above noted release schedule:

<b>Name</b>	<b>Number of Escrowed Resulting Issuer Legacy Options<sup>(1)</sup></b>	<b>Amount Outstanding after Transaction</b>
Kenneth Kadonoff	1,540,902	1,540,902
Mika Holdings Limited <sup>(1)</sup>	250,000	250,000
Matthew Skynner	650,000	650,000

Ample Organics Inc.	380,000	380,000
Ryan Tirtariyadi (employee)	200,000	200,000
Eric Klein	60,000	60,000
<b>TOTAL</b>	<b>3,080,902</b>	<b>3,080,902</b>

Note:

(1) A company indirectly controlled by a family member related to Kenneth Kadonoff.

## 11. PRINCIPAL SHAREHOLDERS

Following completion of the Transaction, except as noted below, no person will beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the Resulting Issuer Shares.

<b>Name</b>	<b>Number of Resulting Issuer Shares</b>	<b>Percentage of class (undiluted / diluted)</b>
Ken Kadonoff <sup>(1)</sup>	10,000,000	21.9% / 15.5%
Michael Kadonoff <sup>(2)</sup>	10,000,000	21.9% / 15.5%

Notes:

- (1) Ken Kadonoff will own 1,600,000 Resulting Issuer Shares and control 8,400,000 Resulting Issuer Shares owned by certain family members.
- (2) Michael Kadonoff will own 3,000,000 Resulting Issuer Shares and control 7,000,000 Resulting Issuer Shares owned by certain family members.

## 12. DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

### 12.1 Directors and Executive Officers of the Resulting Issuer

Following completion of the Transaction, the Resulting Issuer's board of directors and executive officers will consist of the individuals set out in the table below:

<b>Name, place of residence and position with the Resulting Issuer</b>	<b>Principal occupation during past five years</b>	<b>Director or Officer of the Resulting Issuer Since:</b>	<b>Number of Resulting Issuer Shares:</b>	<b>Percentage of Resulting Issuer Shares (undiluted):</b>
Ken Kadonoff, Executive Chairman (Director), Toronto, Ontario	Business Consultant	Director	10,000,000 <sup>(1)</sup>	21.9%
Michael	Chief Executive	CEO & Director	10,000,000 <sup>(2)</sup>	21.9%

Kadonoff, Director, Chief Executive Officer, Toronto, Ontario	Officer of Braingrid			
Matthew Skynner, President & COO, Markham, Ontario	Consultant	President & COO	706,602	1.5%
Douglas Harris, Chief Financial Officer, Aurora, Ontario	Independent Financial Consultant	Chief Financial Officer	384,855 <sup>(3)</sup>	0.8%
David Argudo, Director, La Puente, California	Cannabis Advisor, Elected City Official	Director	Nil	-
David Posner, Director, Toronto, Ontario	Professional Director and Cannabis Consultant	Director	Nil	-
Eric Klein, Director Toronto, Ontario	Independent Financial Advisor & Valuator	Director	120,000	0.3%

Note:

- (1) Ken Kadonoff will own 1,600,000 Resulting Issuers Shares and control 8,400,000 Resulting Issuer Shares owned by certain family members.
- (2) Michael Kadonoff will own 3,000,000 Resulting Issuers Shares and control 7,000,000 Resulting Issuer Shares owned by certain family members.
- (3) The Resulting Issuer Shares issuable to Harris Capital Corp., a company owned by Doug Harris, in connection with the Braingrid Advisory Shares.

## ***12.2 Period of Service of Directors***

Each of the directors and officers will be appointed upon the closing of the Transaction. The term of each director will expire on the date of the next annual general meeting, unless his or her office is earlier vacated or he or she is removed in accordance with the Resulting Issuer's articles and the OBCA.

### ***12.3 Directors and Executive Officers Common Share Ownership***

The proposed directors and executive officers of the Resulting Issuer as a group, directly or indirectly, will beneficially own or exercise control or direction over 21,211,457 Resulting Issuer Shares, representing approximately 46.5% of the issued and outstanding Resulting Issuer Shares.

### ***12.4 Committees***

The Resulting Issuer's audit committee (the "**Resulting Issuer Audit Committee**") will consist of Eric Klein (Chair), Ken Kadonoff and David Posner, each of whom will be a director of the Resulting Issuer and are financially literate in accordance with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Eric Klein and David Posner are independent, as defined under NI 52-110, and Ken Kadonoff is not independent due to his role as an executive officer of Braingrid.

The Resulting Issuer Board may from time to time establish additional committees, including a compensation committee.

### ***12.5 Principal Occupation of Directors and Executive Officers***

Information on directors and executive officers' principal occupation is set out in the table above.

### ***12.6 Corporate Cease Trade Orders or Bankruptcies***

Other than as disclosed herein, no proposed director or executive officer of the Resulting Issuer or a shareholder that will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer cease to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***12.7 Penalties or Sanctions***

Other than as disclosed below, no proposed director or executive officer of the Resulting Issuer, or a shareholder that will hold a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:



- (d) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (e) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **12.8 Settlement Agreements**

Not applicable.

## **12.9 Personal Bankruptcies**

Except as disclosed herein, no proposed director or executive officer of the Resulting Issuer or a shareholder that will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

With respect to Douglas Harris:

- August 30, 2011: Consented to judgement regarding claim by Royal Bank of Canada pertaining to \$22,717.21 of debt which has been fully repaid.
- February 1, 2011: Judgement filed regarding claim by TD Bank for \$14,122.05. No ongoing debtor action pursued.
- December 28, 2012: Settlement agreement to repay \$20,354.74 of debt owing to CCL Financial Inc., \$2,000 payable January 1, 2012, \$250 per month thereafter plus 10% of after-tax bonus.
- June 17, 2013: Settlement agreement with Canadian Imperial Bank of Commerce to pay CIBC \$19,000 to settle \$26,714.37 of debt.
- November 25, 2013: Settlement agreement with Capital One Bank (Canada Branch) to settle \$7,658.73 of debt for \$7,000 on or before February 28, 2014.
- January 24, 2014: Settlement agreement with Land Rover Financial to settle approximately \$19,000 of outstanding debt for minimum payments of \$100 per month.
- January 31, 2017: Commitment to Canada Revenue Agency to pay \$5,000 per month towards unpaid taxes, remaining balance approximately \$85,000.

The foregoing items all arose and related to a single informal restructuring completed by Mr. Harris and resulted from financial difficulties associated with the 2008 financial crisis.

## **12.10 Conflicts of Interest**

The proposed directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest

arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of the Braingrid's and the Issuer's knowledge, there are no known existing or potential conflicts of interest among the Resulting Issuer, proposed directors, executive officers or other members of management of the Resulting Issuer as a result of their outside business interests except that certain proposed directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies. See "*Risk Factors*".

### ***12.11 Management Details***

The following sets out details of the proposed directors and management of the Resulting Issuer:

#### ***Michael Kadonoff (37), Founder, Chief Executive Officer***

Prior to founding Braingrid in 2012, Michael Kadonoff worked as a professional hardware designer at General Electric Grid IQ on the premier design team for energy grid automation and control products. Michael is an avid inventor and a passionate energy reform visionary. Michael has a B.Eng from McMaster University and a Technologist Diploma in Electrical and Electronics Engineering from Lakehead University.

Mr. Kadonoff is an employee of Braingrid and expects to devote 100% of his time to the affairs of the Resulting Issuer. Mr. Kadonoff's employment agreement contains confidentiality provisions and non-competition provisions.

#### ***Matthew Skynner (53), President & Chief Operating Officer***

Matt Skynner has over 25 years of high tech experience, including leading a global, \$1B technology business as Corporate Vice President and General Manager at AMD. Matt spent 17 years in various roles at AMD (previously ATI) including Vice President, Corporate Marketing; Vice President, Product Marketing; and Corporate Vice President and General Manager of the Graphics Business Unit. Matt gained deep experience with sensing, control and automation systems during his 10-year tenure at Honeywell Limited. He has also served on the Board of Directors of the IT Association of Canada. Matt is a Professional Engineer and holds a Bachelor of Science in electrical engineering and an MBA from the University of Manitoba.

Mr. Skynner is an employee of Braingrid and expects to devote 100% of his time to the affairs of the Resulting Issuer. Mr. Skynner's employment agreement contains confidentiality provisions and non-competition provisions.

#### ***Kenneth Kadonoff (69), Executive Chairman of the Board***

Ken Kadonoff is a nimble, hands-on leader in business development, problem-solving, legal work and interim management in a variety of industries. Mr. Kadonoff practiced commercial law with top Toronto law firms since 1978, then transitioned to COO for a TSX-listed company, and was Vice-Chairman of the Canadian Franchise Association. He has deep established network

relationships, business and legal experience across many industries. Mr. Kadonoff holds a B. Comm. from Concordia University (Mtl.) and B.C.L and LL.B. degrees from McGill University (Mtl.).

Mr. Kadonoff is currently a full-time consultant to Braingrid and currently expects to devote 100% of his time to the affairs of the Resulting Issuer. Mr. Kadonoff is the Executive Chairman of the Board of Directors. Mr. Kadonoff's consulting agreement contains confidentiality provisions and non-competition provisions.

*Douglas Harris (54), Chief Financial Officer*

Douglas Harris is a Chartered Accountant and a Chartered Business Valuator with over 20 years of experience in the financial services sector, including accounting, operations, corporate finance, equity research, private equity and mergers and acquisitions. Mr. Harris has a BSc. in Physical Geography from the University of Guelph and a MBA (Accg) from the University of Toronto - Rotman School of Management.

Mr. Harris is a consultant of Braingrid and expects to devote 50% of his time to the affairs of the Resulting Issuer. Mr. Harris's consulting agreement contains confidentiality provisions and non-competition provisions.

*David E. Argudo (47), Director*

Until October 16, 2018 David Argudo was the Chief Executive Officer of High Hampton Holdings Corp. (CSE:HC)(FSE:OHCN). Mr. Argudo is a seasoned elected City Official in California and brings a near decade of political experience and nearly 30 years of leadership in Cannabis advocacy work in California. Mr. Argudo helped pass the Compassionate Act (known as Prop. 215) in 1996 and has since consulted and developed cannabis policies for states and local municipalities, as well as, pioneered local tax measures for cannabis in California. In addition to nearly 30 years of technical expertise in Cannabis cultivation, manufacturing, retail and distribution, he brings extensive cannabis experience pertaining to the areas of biopharmaceuticals, cancer research, real estate and financing. Also he has helped license over 420k sq. ft. of cultivation/ manufacturing building space. Mr. Argudo is a Member of the California Growers Association and a Member of the Humboldt Institute for Interdisciplinary Marijuana Research (HiMR). Mr. Argudo also brings international consulting experience in countries like Germany, Colombia, and Chile.

Mr. Argudo expects to devote sufficient time as a Director to fulfill his obligations to the Resulting Issuer.

*Eric R. Klein (58), Director (Chairman, Audit Committee)*

Eric Klein focuses on complex mergers, acquisitions, divestitures, financings as well as joint ventures and business valuations of mid-sized Canadian corporations. With more than 30 years of experience, he focuses on providing results-driven corporate finance services for mid-market Canadian companies. Recently, Mr. Klein was a senior executive with a Canadian public financial institution. Prior to that Mr. Klein was the Founder and Managing Director of the Corporate Finance, Valuations & Transaction practice of Farber Financial Group. Mr. Klein is a

graduate of McGill University and holds designations as a Chartered Public Accountant and Chartered Business Valuator.

Mr. Klein expects to devote sufficient time as a Director and Chairman of the Audit Committee to fulfill his obligations to the Resulting Issuer.

*David A. Posner (45), Director*

David Posner is a consultant to Quinsam Capital Corp. and serves as Chairman of Nutritional High International Inc. (CNSX:EAT). He has been a Director of Nutritional High International Inc. since 2014 and its Chairman since 2016. Mr. Posner is a Director of DigiCrypts Blockchain Solutions Inc., as well a director of The Lineage Grow Company Ltd., Capricorn Business Acquisitions Inc. and Aura Health Corp. He served as a director at The Tinley Beverage Company Inc. until 2017. Mr. Posner holds a Bachelor of Arts degree from York University.

Mr. Posner expects to devote sufficient time as a Director and member of the Audit Committee to fulfill his obligations to the Resulting Issuer.

### 13. CAPITALIZATION

The following charts provide information with respect to the Resulting Issuer Shares after giving effect to the offering of Braingrid Fall 2018 Units, including the issuance of the Braingrid Advisory Shares, the 25,000 Resulting Issuer Shares issuable to Elizabeth Kirkwood and any shares for debt issuances of the Issuer.

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	Percentage of Issued (non-diluted)	Percentage of Issued (fully diluted)
<b><u>Public Float</u></b>				
Total Outstanding (A)	45,764,944	64,607,538	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the	21,211,457	25,472,359	46.3%	39.4%

Issuer upon exercise or conversion of other securities held) (B)				
Total Public Float (A-B)	24,553,487	39,135,177	53.7%	60.6%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	22,231,835	25,312,737	48.6%	39.2%
Total Tradeable Float (A-C)	23,533,109	39,294,799	51.1%	60.8%

### ***Public Securityholders***

The following table sets out the number of public securityholders (registered) of the Issuer prior to completion of the Transaction, excluding securities held by CDS & Co. and not including the 25,000 Resulting Issuer Shares issuable to Elizabeth Kirkwood and any shares for debt issuances of the Issuer:

<b>Size of Holding</b>	<b>Number of Holders</b>	<b>Total Number of Securities</b>
1 – 99 securities	5	5
100 -499 securities	469	172,015
500 – 999 securities	307	273,230
1,000 – 1,999 securities	140	239,925
2,000 – 2,999 securities	71	195,500
3,000 – 3,999 securities	27	104,000
4,000 – 4,999 securities	35	174,000
5,000 or more securities	24	782,150
TOTAL	1078	1,940,825
TOTAL BOARD LOTS	604	1,768,805
TOTAL POST CONSOLIDATION	1078	242,603

TOTAL BOARD LOTS POST-CONSOLIDATION	86	132,519
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The following table sets out the number of public securityholders (beneficial) of the Issuer prior to completion of the Transaction:

Size of Holding	Number of Holders	Total Number of Securities
1 – 499 securities	8	2,100
500 – 749 securities	4	2,000
749 – 1,000 securities	2	1,600
1,000 – 1,999 securities	6	6,500
2,000 – 2,999 securities	7	15,200
3,000 – 3,999 securities	3	9,000
5,000 – 9,999 securities	5	30,500
10,000 – 24,999 securities	14	215,000
25,000 – 49,999 securities	3	116,000
50,000 – 74,999 securities	5	275,400
75,000 – 99,999 securities	2	157,500
100,000 – 249,999 securities	6	903,473
250,000 – 499,999 securities	7	2,605,968
500,000 – 999,999 securities	1	780,000
1,000,000 – 999,999,999 securities	1	1,550,000
TOTAL	74	6,670,241
TOTAL BOARD LOTS	60	6,664,541
TOTAL POST CONSOLIDATION	74	833,780
TOTAL BOARD LOTS POST CONSOLIDATION	44	829,230

The following table sets out the number of public securityholders of Braingrid prior to completion of the Transaction, reflecting the Exchange Ratio. The shares listed below do not account for the issuance of the Braingrid Advisory Shares:

<b>Size of Holding (pre-Exchange Ratio)</b>	<b>Number of Holders</b>	<b>Total Number of Securities</b>
1 – 99 securities	Nil	Nil
100 -499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	82	24,553,487
<b>TOTAL</b>	<b>82</b>	<b>24,553,487</b>
<b>TOTAL BOARD LOTS</b>	<b>82</b>	<b>24,553,487</b>

The following table sets out the number of non-public securityholders of the Resulting Issuer prior to completion of the Transaction, reflecting the Exchange Ratio. The shares listed below do not account for the issuance of the Braingrid Advisory Shares:

<b>Size of Holding</b>	<b>Number of Holders</b>	<b>Total Number of Securities</b>
1 – 99 securities	Nil	Nil
100 -499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	13	20,826,602
<b>TOTAL</b>	<b>13</b>	<b>20,826,602</b>

### ***Convertible Securities***

The following are details for any securities convertible or exchangeable into Resulting Issuer Shares on completion of the Transaction:

<b>Description of Security (conversion/exercise terms, including exercise price)</b>	<b>Number of convertible/exercisable securities outstanding</b>	<b>Number of listed securities issuable upon conversion/exercise</b>
Resulting Issuer Winter 2018 Warrants	6,668,000	6,668,000
Resulting Issuer Fall 2018 Warrants	3,728,800	3,728,800
Resulting Issuer Winter 2018 Finder Warrants	351,640	351,640
Resulting Issuer Fall 2018 Finder Warrants	109,250	109,250
Resulting Issuer Legacy Warrants	2,000,000	2,000,000
Resulting Issuer Legacy Options	5,984,902	5,984,902

Other than the Resulting Issuer Shares to be available for issuance under the Resulting Issuer Option Plan, the Resulting Issuer Shares to be available for issuance under the Resulting Issuer RSU Plan, there are no listed securities that will be reserved for issuance that are not included in the table above.

## **14. EXECUTIVE COMPENSATION**

### ***Issuer Executive Compensation***

Details related to the executive compensation paid by the Issuer, prepared in accordance with Form 51-102F6 of National Instrument 51-102 – *Continuous Disclosure Obligations*, will be included in the management information circular of the Issuer to be made available on SEDAR ([www.sedar.com](http://www.sedar.com)) in connection with the meeting of shareholders to be held to approve, among other things, various matters relating to the Transaction.

### ***Braingrid Executive Compensation***

The following table sets forth all annual and long term compensation for services in all capacities to Braingrid for the three most recently completed financial years of Braingrid in respect of each of the individuals comprised of each CEO and CFO who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at January 31, 2018 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive



officer of Braingrid, nor acting in a similar capacity, for the most recently completed financial year ending January 31, 2018 (collectively the "**Braingrid NEOs**").

NEO Name and Principal Position	Fiscal Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Kenneth Kadonoff <i>Executive Chairman &amp; Director</i>	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	188,435	N/A	N/A	N/A	N/A	188,435
	2018	N/A	N/A	196,628	N/A	N/A	N/A	N/A	196,628
Michael Kadonoff <i>Chief Executive Officer &amp; Director</i>	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Matthew Skynner <sup>(1)</sup> <i>President and Chief Operating Officer</i>	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	63,250	N/A	253,896	N/A	N/A	N/A	N/A	317,146

Notes:

- (1) Matthew Skynner was appointed President and Chief Operating Officer on May 26, 2017.
- (2) Effective February 15, 2016 until February 28, 2018, Mr. Kadonoff earned 31,447 Class B Stock Options monthly exercisable at \$0.01/share, in lieu of salary.
- (3) The value of the option based awards was estimated using the Black-Scholes option pricing model using the following assumptions; volatility - 83%, risk-free interest rate - 1.22%, term - 5 years, expected dividend yield - 0%, Braingrid estimated common share price at issuance - \$0.53.

*Compensation Discussion and Analysis*

Braingrid does not have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and directors, nor does it have a compensation committee.

Braingrid is aware of the challenges that it faces in its present stage of development and the financial limitations of being a start-up technology company. Corporate performance and level of activity has been a consideration in determining compensation. As Braingrid's business and operations grow in size and complexity, it may set specific performance goals or benchmarks as such relate to executive compensation.

The compensation of Braingrid's officers and directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is to attract talent and experience with focused leadership in the operations, financing, and management of Braingrid with the objective of maximizing the value of Braingrid. The officers and board of directors each have defined skills and experience that are essential to a start-up company in the technology sector.

#### *Elements of Executive Compensation*

Braingrid executive compensation policy consists of an annual base salary and long-term incentives in the form of Braingrid Options.

The base salaries paid to officers of Braingrid have been modest and are not intended to provide fixed levels of pay that reflect each officer's primary duties and responsibilities and the level of skill and experience required to successfully perform their role. Braingrid intends, as its business expands, to pay base salaries to officers that are competitive with those for similar positions in the technology sector, to attract and retain executive talent in the market in which Braingrid competes for talent.

An incentive component of Braingrid's compensation program is the potential longer-term reward provided through the grant of Braingrid Options. The granting of Braingrid Options are intended to attract, retain and motivate officers and directors in key positions, and to align the interests of those individuals with those of the Braingrid Shareholders. The granting of Braingrid Options provides such individuals with an opportunity to acquire a proprietary interest in Braingrid's value growth through the exercise of stock options. Braingrid Options are granted at the discretion of the board of directors, which considers factors such as how other, similar companies grant options and the potential value that each optionee is contributing to Braingrid. The number of options granted to an individual is based on such considerations.

The stage of Braingrid's development and the small size of its specialized management team allow frequent communication and constant management decisions in the interest of developing shareholder value as a primary goal. As Braingrid business develops and performance goals are more apt to be delegated, particular performance goals will become more complex and measurable, and included in the compensation structure accordingly.

#### *Compensation Policies and Risk Management*

The board of directors considers the implications of the risks associated with Braingrid's compensation policies and practices when determining rewards for its officers. The board of directors intends to review at least once annually the risks, if any, associated with Braingrid's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the granting of Braingrid Options and the ownership of Braingrid Shares. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their short-term compensation at the expense of Braingrid and the Braingrid Shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of Braingrid or the Braingrid Shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of Braingrid and the current level of Braingrid's activity, the board of directors is able to closely monitor and consider any risks which may be associated with Braingrid's compensation policies and practices. Risks, if any, may be identified and mitigated through board of directors meetings during which financial and other information of Braingrid are reviewed. No risks have been identified arising from Braingrid's compensation policies and practices that are reasonably likely to have a material adverse effect on Braingrid.

#### *Hedging of Economic Risks in Braingrid's Securities*

Braingrid has not adopted a policy prohibiting directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in the value of Braingrid's securities granted as compensation or held, directly or indirectly, by directors or officers. However, Braingrid is not aware of any directors or officers having entered into this type of transaction.

#### *Option-based Awards*

The granting of Braingrid Options has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of Braingrid. In determining the number of options to be granted to the executive officers, the board of directors takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options, to closely align the interests of the executive officers with the interests of the Braingrid Shareholders. The board of directors as a whole has the responsibility to administer the compensation policies related to the executive management of Braingrid, including option-based awards.

#### *Braingrid NEOs - Outstanding Option-Based and Share-based Awards*

As at January 31, 2018, Braingrid had the following option-based and share-based awards outstanding for Braingrid NEOs:

	Option-based awards				Share-based awards		
Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Matt Skynner	550,000	\$0.01	Feb. 1, 2027	201,791 <sup>(2)</sup>	N/A	N/A	N/A
Kenneth Kadonoff <sup>(1)</sup>	864,004 <sup>(1)</sup>	\$0.01	Feb 16, 2027	450,095 <sup>(2)</sup>	N/A	N/A	N/A
Michael Kadonoff	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Kenneth Kadonoff holds options personally and in his family controlled company, Mika Holdings Limited.
- (2) Fair value of the Braingrid Options was determined using the Black-Scholes option-pricing model using the following assumptions; volatility - 83%, risk-free interest rate - 1.22%, term - 5 years, expected dividend yield - 0%, Braingrid estimated common share price at issuance - \$0.53.

*NEOs - Incentive Plan Awards – Value Vested or Earned During the Year*

For the year ended January 31, 2018, the following amounts were vested or earned by the Braingrid NEOs:

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Matthew Skynner	52,106 <sup>(1)</sup>	N/A	N/A
Ken Kadonoff	196,628 <sup>(1)</sup>	N/A	N/A
Michael Kadonoff	N/A	N/A	N/A

Note:

- (1) Fair value of the Braingrid Options was determined using the Black-Scholes option-pricing model using the following assumptions; volatility - 83%, risk-free interest rate - 1.22%, term - 5 years, expected dividend yield - 0%, Braingrid estimated common share price at issuance - \$0.53.

#### *Compensation Governance*

Options are granted at the discretion of the board of directors, which considers factors such as how other start-up technology companies grant options and the potential value that each optionee is contributing to Braingrid. The number of options granted to an individual is based on such considerations.

#### *Pension Plan Benefits*

Braingrid does not have a pension plan that provides for payments or benefits to the Braingrid NEOs at, following, or in connection with retirement.

#### *Termination and Change of Control Benefits*

With respect to Matthew Skynner, other than the sale of Braingrid to Ample Organics Inc., in the event there is a change of control in Braingrid prior to February 1, 2019 whereby the following three events occur:

- a) 51% or more of the outstanding Braingrid Shares are no longer beneficially owned by Michael Kadonoff and Ken Kadonoff or their related entities;
- b) Michael Kadonoff and Ken Kadonoff are no longer directors of Braingrid; and
- c) Michael Kadonoff is no longer in active employment with Braingrid.

Mr. Skynner will have the option, to be exercised within five (5) business days following notification of such change of control, to treat such event as constructive termination without cause entitling him to receive twelve (12) months' notice or payment in lieu of notice at the option of Braingrid and all of his stock options will be deemed to have vested at the date of such option exercise.

For greater certainty, the Transaction shall not constitute a change of control.

#### *Director Compensation*

Each of the two Braingrid directors are Braingrid NEOs. See above for details with respect to their compensation.

#### *Resulting Issuer Executive Compensation*

The objectives, criteria and analysis of the compensation of the executive officers of the Resulting Issuer following the completion of the Transaction will be determined by the Board and are expected to be substantially similar to how Braingrid currently compensates its executive officers. In addition, the Resulting Issuer will compensate its executive officers and directors via the Resulting Issuer RSU Plan and the Resulting Issuer Option Plan.

## 15. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No proposed director, officer or promoter of the Resulting Issuer is or has been indebted to the Issuer or Braingrid in the most recently completed financial year, nor will they be indebted to the Resulting Issuer upon completion of the Transaction.

## 16. RISK FACTORS

Investing in shares of the Resulting Issuer involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information herein, including the financial statements and related notes included in this Listing Statement. Adverse developments such as those described in the following risk factors could materially and adversely harm our business, financial condition, results of operations or prospects, resulting in loss of all or part of your investment. You should consult your own independent advisors as to the tax, business and legal considerations regarding an investment in our securities.

### *Demand*

The ultimate profitability of any product depends upon its audience appeal in relation to the cost of its production and distribution. The audience appeal of a given product depends, among other things, on unpredictable critical reviews and changing public tastes and such appeal cannot be anticipated with certainty. If certain segments of the potential customer base do not like, are not willing to pay for, or otherwise disapprove of its products, the Resulting Issuer's business may fail.

The market for the Resulting Issuer's products is limited in scope and there is no assurance that the products will generate market acceptance and result in sales. Braingrid has developed the products with limited market research and there is no assurance that the Resulting Issuer will be able to respond to the rapidly evolving markets in the cannabis industry. The inability to sell its products would result in a material adverse effect on the Resulting Issuer.

### *Sales Risk*

The Resulting Issuer's business success is completely dependent on its ability to develop products and secure direct and indirect distribution channels. Revenues derived therefrom represent vital funds for its continued operations. The loss or damage of any of its business relationships and or associated revenues would have a material adverse effect on the Resulting Issuer.

### *Recreational Cannabis in Canada*

On April 13, 2017, the Canadian Federal Government released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* (the "**Cannabis Act**"), which proposed the enactment of the *Cannabis Act* (Canada) to regulate the production, distribution and sale of cannabis for unqualified adult use. On November 27, 2017, the House of Commons passed Bill C-45. On June 20, 2018 the Senate approved Bill C-45 and the Act received Royal Assent on June 21, 2018. The Cannabis Act came into force on October 17, 2018. thereby allowing cannabis users to use cannabis products

for non-medicinal purposes. While this is seen as a positive step forward for customers and potential customers of the Resulting Issuer, it is possible that expected increased cannabis sales may not fulfill market expectations and lead to a depressed stock market valuation.

### *U.S. Related Risk Factors*

Braingrid is indirectly involved in the U.S. cannabis industry in that its Sentrollers can be used by U.S. citizens to monitor and control cannabis plants. To management's knowledge, there have been no cannabis-related prosecutions of manufacturers or sellers of cannabis plant tracking equipment. Management believes that, at present, there are no cannabis-related laws, federal or state, preventing use of plant tracking equipment to monitor cannabis plants. However, federal and/or state laws could change at any time and such change(s) could render the Resulting Issuer's devices unsaleable in the U.S., particularly as the Resulting Issuer expects a portion of its sales revenue to be derived from the U.S. market. The loss of such sales could cause the Resulting Issuer to fail and investors could lose all of their investment.

Cannabis remains illegal under U.S. federal law and the approach to enforcement of U.S. federal laws against cannabis is subject to change. Management is not aware of any state or federal laws or regulation specifically related to the use of Braingrid's products. It could be that federal and/or state laws could be interpreted in a way that results in adverse enforcement action resulting in a direct negative effect on Braingrid's sales in the U.S. and such negative effect could cause Braingrid to fail and investors could lose all of their investment. For example, it is possible that Braingrid will not be able to ship product to the U.S. given a broad interpretation that such devices are used in the sale or distribution of an illegal drug under federal law. As well, executives or visitors travelling over the U.S. border have now been stopped and refused entry to the U.S. on the basis that such traveller is an investor in a cannabis company or trades in cannabis products or services, resulting in such traveller being banned for life seeking to re-enter the U.S.

Braingrid's cannabis-related activities (i.e., selling plant monitoring and control products and services) currently target the medical segment of the overall cannabis market. Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale, and possession of cannabis, investors are cautioned that in the United States, cannabis is largely regulated at the state level. But it should be noted that in spite of the permissive regulatory environment of medical cannabis in many states within the United States, cannabis continues to be categorized as a controlled substance under the U.S. federal *Controlled Substances Act* and as such, violates federal law in the United States. The United States Congress has passed appropriation bills in each of the last three years that have not appropriated funds for prosecution of cannabis offenses of individuals who are in compliance with state medical cannabis laws. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those parties comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress, at any time, choose to appropriate funds to fully prosecute the *Controlled Substances Act*, any individual or business even those who have fully complied with state law, could be prosecuted for violations of federal law. Violations of federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges,

including, but not limited to, disgorgement of profits, cessation of business activities, or divestiture. Braingrid is not aware of any non-compliance with U.S. federal law; however, if the Resulting Issuer was found to be non-compliant, this could have a material adverse effect on Braingrid, including its reputation and ability to conduct business, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for Braingrid to estimate the time or resources that would be needed for the investigation or defence of such matters or its final resolution.

Braingrid plans to sell its products and services into the U.S. and these sales will be subject to U.S. federal and state laws. Given the illegality of cannabis under U.S. federal law Braingrid's access to capital could be negatively affected by public and/or private capital not being available to support continuing operations. At present, management believes that both private and public capital is available to Braingrid on terms acceptable to Braingrid but management also believes that this capital availability could change without notice, requiring Braingrid to operate solely on internally-generated funds. In the event that Braingrid has insufficient internally-generated funds Braingrid could fail and investors could lose all of their investment. Management is not currently aware of any specific U.S. federal or state initiatives that would lessen Braingrid's capital access.

States typically have regulations related to mechanical aspects of equipment with compliance required by the operator of the subject equipment in that operator's jurisdiction.

Braingrid sells its platform including its devices F.O.B Toronto and because of this, the compliance requirement transfers to the buyer, in their respective state. Management believes it is in compliance with general state regulation and is not aware of non-compliance with any U.S. federal or state law or regulation.

### *Licensed Technology*

Rather than owning all of the intellectual property on which it relies, Braingrid licenses the Sentroller Technology from the Licensor and is substantially dependent on the Sentroller License in order to market and sell the Sentroller. It is possible that such license could be terminated in accordance with the terms of the Sentroller License Agreement. In such an event, the Resulting Issuer may not be able to function in part or at all for a significant period of time and the Resulting Issuer could suffer material losses. In addition, the Sentroller Patent could be challenged by a third party, also resulting in material expense and possible loss of the benefits of the Sentroller Patent, thereby impacting the uniqueness of Braingrid's products.

### Bankruptcy of Licensor

In the event that the Licensor files a petition in bankruptcy, there can be no assurance that the rights under its licenses will not be curtailed or otherwise affected, even if Braingrid actively pursues enforcement of the Sentroller License Agreement.

If the Licensor files for bankruptcy, among other results, the Licensed Technology may be sold to a third party and such sale may extinguish Braingrid's rights under the Sentroller License Agreement. This could cause a significant hardship for Braingrid and have a material adverse effect on its business, and therefore, the Resulting Issuer's business.



### Assignment of Sentroller License

Pursuant to the Sentroller License Agreement, Braingrid may not assign the Sentroller License Agreement or its rights thereunder to any person without the written consent of the Licensor, which shall not be unreasonably withheld.

### Right of Licensor to Sell the Licensed Technology

Pursuant to the Sentroller License Agreement, the Licensor is permitted to sell the Licensed Technology to a third party. It is possible that such license could be terminated in accordance with the terms of the Sentroller License Agreement. In such an event, the Resulting Issuer may not be able to function in part or at all for a significant period of time and the Resulting Issuer could suffer material losses.

### *Cost Overruns*

The costs of developing products and marketing/selling the Resulting Issuer's products may be underestimated and may be increased by factors beyond its control. Such factors may include without limitation weather conditions, taxation, labour disputes, trade and customs duties and disputes, governmental regulations, increased production costs, equipment breakdowns and other production disruptions. While the Resulting Issuer intends to engage qualified personnel, the risk of running over budget is always significant and may have a substantial adverse impact on the Resulting Issuer's profitability.

### *Premature Abandonment of Products*

The development of the Resulting Issuer's products may be abandoned at any stage if further expenditures do not appear commercially feasible, with the resulting loss of some or all of the funds previously expended on the development of the projects, including funds expended in connection with the development of any products. In the event that the Resulting Issuer decides to abandon a product, it is unlikely that it will be able to recoup any of its costs.

### *Limited Operating History and Uncertainty of Future Revenues*

Braingrid has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate its ability to achieve its business objectives. The future success of the Resulting Issuer is dependent on management's ability to implement its strategy. Whilst management is optimistic about the Resulting Issuer's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Resulting Issuer will successfully produce and market its products. The Resulting Issuer faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operation and gain additional revenue streams while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Resulting Issuer's business, financial condition and results.

### *Competition*

The Resulting Issuer will be competing with the producers of other products and competition in the cannabis technology industry will limit the availability of channels required for the successful distribution of its products. Its products may be competing directly and indirectly with other products. The Resulting Issuer may not be able to compete successfully against its existing and future competitors and competition could have a material adverse effect on its business, results of operations and financial condition. Potential competitors may develop superior products and services that achieve greater market acceptance than that of the Resulting Issuer. Accordingly, failure of the Resulting Issuer's marketing efforts may have a material adverse effect on the Resulting Issuer.

### *Dependence on Key Executives*

The performance of the Resulting Issuer will depend heavily on its ability to retain the services of management and to recruit, motivate and retain further suitably skilled personnel. The loss of the services of key individuals may have an adverse effect on the business, operations, customer relationships and results of the Resulting Issuer.

### *History of Net Losses*

The Resulting Issuer has incurred losses in recent periods. The Resulting Issuer may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Resulting Issuer expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Resulting Issuer's revenues do not increase to offset these expected increases in costs and operating expenses, the Resulting Issuer will not be profitable.

### *Further Funding Requirements*

In order to execute the anticipated growth strategy, the Resulting Issuer may require some additional equity and/or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Resulting Issuer's growth and may have a material adverse effect upon future profitability. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

### *Product Liability*

The Resulting Issuer faces the risk of product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in a material adverse effect to the Resulting Issuer.

### *Product Recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects. If any of the Resulting Issuer's products are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Resulting Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Resulting Issuer has procedures in place for testing its products, there can be no assurance that any quality issues will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for the Resulting Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer.

### *Insurance and Uninsured Risks*

Although the Resulting Issuer maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### *Regulations on Products*

Some jurisdictions have rules and regulations related to plant monitoring equipment and without an exemption, the Resulting Issuer's products may be unsaleable without certification.

Certification is often a matter of passing operating specification tests and paying fees but there is no guarantee that any relevant authority will not change certification processes and that any such changes would not render the products unsaleable in the applicable jurisdiction. A lack of certification or changes in certification process could result in a material adverse effect to the Resulting Issuer.

### *Management of Growth*

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

### *Intellectual Property Protection*

The Resulting Issuer cannot guarantee that its products, or the Licensed Technology, will not infringe upon patents, trademarks, copyrights or other intellectual property rights held by third parties. In addition, since it may rely on third parties to help develop some of its products, it cannot ensure that litigation will not arise from disputes involving these third parties. It may incur substantial expenses in defending against prospective claims, regardless of their merit. Successful claims against it may result in substantial monetary liability, significantly impact results of operations in one or more quarters or materially disrupt the conduct of its business. The Resulting Issuer's success depends in part on its ability to obtain and enforce intellectual property protection for its concepts, to preserve its trade secrets and to operate without infringing the proprietary rights of third parties, as previously stated.

Braingrid currently holds no patents. The patent with respect to the Sentroller Technology (the Sentroller Patent) is owned by the Licensor. No assurances can be given that any future patent will be issued, or if issued, that any of its existing and future patents will be held valid if subsequently challenged, or that others will not claim rights in, or ownership of, the potential copyrights or trademarks or other proprietary rights held by it, or the Licensor, or that its, or the Licensor's, intellectual property will not infringe, or be alleged to infringe, the proprietary rights of others. Furthermore, there can be no assurance that others have not developed or will not develop similar concepts to its products. In addition, whether or not additional intellectual property protection is issued to the Resulting Issuer, others may hold or receive intellectual protection covering concepts that were subsequently developed by the Resulting Issuer; and no assurance can be given that others will not, or have not, independently developed or otherwise acquired substantially equivalent intellectual property.

See also the risk factor with respect to "*Licensed Technology*" above.

### *Conflicts of Interest*

Certain of the directors and officers of the Resulting Issuer are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Resulting Issuer. In addition, Michael Kadonoff is the

beneficial owner of the Licensor which has provided Braingrid with the Sentroller License. See the risk factor related to "*Licensed Technology*" above. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers involving the Resulting Issuer are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Resulting Issuer. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

#### *Unfavourable Publicity or Consumer Perception*

The Resulting Issuer believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis distributed to such consumers. Consumer perception of the Resulting Issuer's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Resulting Issuer's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

#### *Foreign Market Risk*

Foreign and ancillary markets are expected to become increasingly important in the medical and recreational cannabis industries. As such the Resulting Issuer may rely on foreign and ancillary markets for revenue. Neither foreign nor ancillary markets provide a guarantee of revenue. Many markets may never legalize the consumption of cannabis, which limits the demand for its products and services. If the Resulting Issuer's products are not a success or if, for any reason, they are not well-received by the public, this may have a material adverse effect on the Resulting Issuer.

### *Share Price Volatility*

The market price of the Resulting Issuer Shares may be subject to wide price fluctuations. The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, community support for the cannabis industry and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

### *Transportation Disruptions*

The ability to obtain speedy, cost-effective and efficient transport services will be essential to the prolonged operations of the Resulting Issuer's business. Should such transportation become unavailable for prolonged periods of time, there may be a material adverse effect on the Resulting Issuer's business, financial situation, and operations.

### *Reliance on Key Inputs*

The Resulting Issuer's business is dependent on a number of key inputs and their related costs including the production of its products. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Resulting Issuer. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Resulting Issuer.

### *Dependence on Suppliers and Skilled Labour*

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

### *Difficulty to Forecast*

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

### *Need to Attract and Retain Qualified Personnel*

The Resulting Issuer's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and

there can be no assurance that the Resulting Issuer will be successful in identifying, attracting, hiring and retaining such personnel in the future. If the Resulting Issuer is unable to identify, attract, hire and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition.

### *Litigation*

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant resources that could have a material adverse impact on day to day operations of the business.

### *Currency Risk*

Currency fluctuations may affect the cash flow which the Resulting Issuer may realize from its operations, since a portion of its sales are expected to occur in foreign currencies whereas the Resulting Issuer's costs are incurred primarily in Canadian dollars.

### *Dividends*

The Resulting Issuer has no profit or dividend record, and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

### *Limited Market for Securities*

Upon completion of the Transaction, the Resulting Issuer Shares will be listed on the CSE, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

## **17. PROMOTERS**

Not applicable.

## **18. LEGAL PROCEEDINGS**

Neither the Issuer, Braingrid nor any of their property is the subject of any legal proceeding nor is the Resulting Issuer currently party to any material legal proceeding or contemplating any legal proceedings which are material to its business. Additionally, to the knowledge of the management of the Issuer, Braingrid and the Resulting Issuer, there are no such proceedings contemplated.

From time to time, however, the Resulting Issuer may be subject to various claims and legal actions arising in the ordinary course of business. Management of the Resulting Issuer is not currently aware of any legal proceedings contemplated against the Resulting Issuer.

## **19. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than in respect of the Transaction or as otherwise disclosed herein, including with respect to the Sentroller License Agreement, to the knowledge of management, no proposed director or executive officer of the Resulting Issuer or any person or company that is the direct or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Resulting Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Resulting Issuer or a subsidiary of the Resulting Issuer.

## **20. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### ***20.1 Auditors***

The auditors of the Issuer are I&A Professional Corporation, through its offices at 21 Roysun Road Unit #17, Woodbridge, ON.

The auditors of Braingrid are MNP LLP, through its offices at 111 Richmond Street West, Suite 300, Toronto, ON.

It is anticipated that the auditor of the Resulting Issuer will be MNP LLP.

### ***20.2 Registrar and Transfer Agent***

The current transfer agent and registrar of the Issuer is TSX Trust Company, through its offices in Toronto, Ontario. TSX Trust Company is expected to remain the transfer agent and registrar of the Resulting Issuer.

## **21. MATERIAL CONTRACTS**

### ***Issuer Material Contracts***

Except for contracts entered into by the Issuer in the ordinary course of business, the only material contracts entered into by the Issuer in the previous two years are the following:

1. Acquisition Agreement.

### ***Braingrid Material Contracts***

Except for contracts entered into by Braingrid in the ordinary course of business, the only material contracts entered into by Braingrid in the previous two years are the following:



1. Acquisition Agreement.
2. Sentroller License Agreement.
3. R2G Agreement

## **22. INTEREST OF EXPERTS**

Neither auditor has, and neither is entitled to receive, any registered or beneficial interest, direct or indirect, in the property of the Issuer and neither is expected to own any securities of the Resulting Issuer or any associate, affiliate or Related Person (as defined by the policies of the CSE) of the Resulting Issuer.

## **23. OTHER MATERIAL FACTS**

There are no other material facts regarding the Issuer, Braingrid, the Resulting Issuer or the Transaction other than as disclosed herein.

## **24. FINANCIAL STATEMENTS**

See Schedule "A" and Schedule "B".

## **CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, Match Capital Resources Corporation hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Match Capital Resources Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 24<sup>th</sup> day of December, 2018.

*"Elizabeth Kirkwood"*

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Elizabeth Kirkwood  
Chief Executive Officer

*"Elizabeth Kirkwood"*

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Elizabeth Kirkwood  
Acting Chief Financial Officer

## **ON BEHALF OF THE BOARD OF DIRECTORS**

*"Elizabeth Kirkwood"*

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Elizabeth Kirkwood  
Director

*"Nadim Wakeam"*

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Nadim Wakeam  
Director

## **CERTIFICATE OF THE TARGET**

The foregoing contains full, true and plain disclosure of all material information relating to Braingrid Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 24<sup>th</sup> day of December, 2018.

*"Michael Kadonoff"*

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Michael Kadonoff  
Chief Executive Officer

*"Douglas Harris"*

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Douglas Harris  
Chief Financial Officer

## **ON BEHALF OF THE BOARD OF DIRECTORS**

*"Kenneth Kadonoff"*

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Kenneth Kadonoff  
Director

## **SCHEDULE "A" – ISSUER FINANCIAL STATEMENTS**

**Match Capital Resources Corporation**

(Incorporated under the laws of Ontario)

**Financial Statements**

**For the Years Ended October 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

### ***Management's responsibility for financial reporting***

The accompanying financial statements of Match Capital Resources Corporation were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*(signed)*

Elizabeth Kirkwood  
Chief Executive Officer and Chief Financial Officer

February 27, 2018  
Toronto, Canada



**PROFESSIONAL CORPORATION**  
chartered professional accountants

## **Independent Auditor's Report**

### **To the Shareholders of Match Capital Resources Corporation**

We have audited the accompanying financial statements of Match Capital Resources Corporation which comprise the statements of financial position as at October 31, 2017 and 2016, and the statements of loss, other comprehensive income, cash flows and changes in shareholders' equity for the years then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Match Capital Resources Corporation, as at October 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Toronto, Canada  
February 27, 2018

***"I&A Professional Corporation"***

I&A Professional Corporation  
Chartered Professional Accountants  
Authorized to practice public accounting  
by the Chartered Professional Accountants  
of Ontario

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**Match Capital Resources Corporation****Statements of Financial Position****(Expressed in Canadian Dollars)**

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<b>As at October 31,</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 16,755	\$ 530
Government HST recoverable (note 7)	1,358	1,556
<b>Total assets</b>	<b>\$ 18,113</b>	<b>\$ 2,086</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	\$ 121,361	\$ 90,046
Due to shareholder (note 11)	207,556	161,747
<b>Total liabilities</b>	<b>328,917</b>	<b>251,793</b>
<b>Shareholders' deficiency</b>		
Common share capital (note 10(a))	2,196,150	2,196,150
Reserve for share-based payments (note 10(b))	134,968	134,968
Other Reserves (note 10(c))	251,750	251,750
Deficit	(2,893,672)	(2,832,575)
<b>Total shareholders' deficiency</b>	<b>(310,804)</b>	<b>(249,707)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 18,113</b>	<b>\$ 2,086</b>

Nature of operations and going concern (note 1)

Events after the reporting period (note 14)

Approved on behalf of the Board of Directors:

"Elizabeth Kirkwood" (signed) Director**Elizabeth Kirkwood, Director**"Harvey Eisen" (signed) Director**Harvey Eisen, Director**

The notes to the audited financial statements are an integral part of these statements.



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**Match Capital Resources Corporation****Statements of Loss****(Expressed in Canadian Dollars)**

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<b>Years Ended October 31,</b>	<b>2017</b>	<b>2016</b>
<b>Expenses</b>		
Legal and audit fees (note 11)	\$ 20,043	\$ 14,783
Filing and listing expenses	12,847	15,618
Accounting and corporate services	9,893	9,997
Office and general	18,314	15,073
Loss on disposal of short-term investments (note 8)	-	8,668
<b>Net loss for the year</b>	<b>\$ (61,097)</b>	<b>\$ (64,139)</b>
<b>Basic and diluted net loss per share (note 10(d))</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>8,615,445</b>	<b>8,615,445</b>

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The notes to the audited financial statements are an integral part of these statements.

# Match Capital Resources Corporation

## Statements of Other Comprehensive Income

(Expressed in Canadian Dollars)

Years Ended October 31,	2017	2016
Net loss for the year	\$ (61,097)	\$ (64,139)
Other comprehensive income		
Items that will be reclassified subsequently to income		
Reclassification of realized loss on short-term investments	-	8,911
Total other comprehensive income for the year	-	8,911
Total comprehensive loss for the year	\$ (61,097)	\$ (55,228)

The notes to the audited financial statements are an integral part of these statements.

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# Match Capital Resources Corporation

## Statements of Cash Flows

(Expressed in Canadian Dollars)

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Years Ended October 31,	2017	2016
<b>Operating activities</b>		
Net loss for the year	\$ (61,097)	\$ (64,139)
Realized losses on FVTPL investments	-	8,668
Net changes in non-cash working capital:		
Government HST recoverable	198	(903)
Accounts payable and accrued liabilities	31,315	20,185
<b>Net cash used in operating activities</b>	<b>(29,584)</b>	<b>(36,189)</b>
<b>Investing activities</b>		
Proceeds on disposal of short-term investments	-	324
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>324</b>
<b>Financing activities</b>		
Proceeds from shareholder loan	45,809	34,423
<b>Net cash provided by financing activities</b>	<b>45,809</b>	<b>34,423</b>
<b>Net change in cash</b>	<b>16,225</b>	<b>(1,442)</b>
<b>Cash, beginning of year</b>	<b>530</b>	<b>1,972</b>
<b>Cash, end of year</b>	<b>\$ 16,755</b>	<b>\$ 530</b>

The notes to the audited financial statements are an integral part of these statements.

# Match Capital Resources Corporation

## Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Shares Capital	Reserves for share-based payments	Other Reserves	Accumulated Other Comprehensive (loss) income	Deficit	Total
<b>Balance, October 31, 2015</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$ 251,750</b>	<b>\$ (8,911)</b>	<b>\$ (2,768,436)</b>	<b>\$ (194,479)</b>
Reclassification of realized loss on short-term investments	-	-	-	8,911	-	8,911
Net loss for the year	-	-	-	-	(64,139)	(64,139)
<b>Balance, October 31, 2016</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$ 251,750</b>	<b>\$ -</b>	<b>\$ (2,832,575)</b>	<b>\$ (249,707)</b>
Net loss for the year	-	-	-	-	(61,097)	(61,097)
<b>Balance, October 31, 2017</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$ 251,750</b>	<b>\$ -</b>	<b>\$ (2,893,672)</b>	<b>\$ (310,804)</b>

The notes to the audited financial statements are an integral part of these statements.

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# **Match Capital Resources Corporation**

## **Notes to Financial Statements**

**Years Ended October 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

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### **1. Nature of Operations and Going Concern**

Match Capital Resources Corporation ("the Company" or "Match") was incorporated on October 26, 1988 under the Ontario Business Companies' Act.

The Company carried on business in 2 segments: oil and gas production and exploration and evaluation of mining properties. The Company has not earned any significant revenue from its oil and gas interests over the years of its ownership and they were disposed of during the 2014 fiscal year. The Company has not earned any revenue to date from its exploration and evaluation operations and during the 2014 fiscal year the Company terminated all of its interest in its property. The Company is currently in the process of searching for suitable assets or businesses to acquire. The primary office of the Company is located at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1, Canada.

Significant doubt exists concerning the Company's ability to continue as a going concern because the Company has been incurring material losses in the current and prior years. The future of the Company is currently dependent upon the Company's ability to obtain sufficient cash from external financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As disclosed in the financial statements, the Company has incurred a net loss for the year of \$ \$61,097, comprehensive loss of \$61,097 (2016 - \$64,139 and comprehensive loss of \$55,228), has working capital deficiency of \$310,804 (2016 - \$249,707), and has an accumulated deficit of \$2,893,672 (2016 - \$2,832,575).

These financial statements have been prepared on a going-concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not give effect to adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. If the going concern assumption is not used, then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these financial statements.

### **2. Statement of Compliance and Basis of Presentation**

#### **(a) Statement of compliance**

The 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"), effective for the Company's reporting for the year ended October 31, 2017. The policies set out below are based on IFRS issued and outstanding as of February 27, 2018, the date the Board of Directors approved the statements.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 2. Statement of Compliance and Basis of Presentation (continued)

#### (b) Basis of presentation

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL") and available-for-sale. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation of financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Significant areas requiring the use of estimates include collection of amounts receivable, the estimates of accounts payable and accrued liabilities, the assumptions used in the determination of the fair value of share-based payments, the assumptions used in the determination of the fair value of warrants, and the determination of the valuation allowance for deferred income tax assets. Actual results may differ from those estimates and these differences could have a significant impact on the financial statements.

#### (c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

### 3. Significant Accounting Policies

These financial statements have been prepared by management in accordance with IFRS and IFRIC. Outlined below are those policies considered particularly significant:

#### (a) Financial instruments

The Company's financial instruments consist of the following:

<b>Financial assets:</b>	<b>Classification:</b>
Cash	Fair value through profit or loss
Government HST recoverable	Loans and receivables
<b>Financial liabilities:</b>	<b>Classification:</b>
Accounts payable and accrued liabilities	Other financial liabilities
Due to shareholder	Other financial liabilities

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# **Match Capital Resources Corporation**

## **Notes to Financial Statements**

**Years Ended October 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

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### **3. Significant Accounting Policies (continued)**

#### **(a) Financial instruments (continued)**

##### **Financial assets**

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned. These financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at FVTPL', 'held-to-maturity investments', 'available-for-sale' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### **(i) Financial assets at fair value through profit or loss (FVTPL)**

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the statement of loss.

##### **(ii) Available-for-sale financial assets**

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value, plus transaction costs and are subsequently measured at fair value. Changes to the fair value are recognized in the statements of other comprehensive income. Available-for-sale investments are classified as current, unless the investment matures beyond twelve months, or management has no intention to dispose them within twelve months. When an available-for-sale investment is sold or impaired, the investment is written down to the impaired value and a loss or gain is recognized in the statement of loss.

##### **(iii) Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (a) Financial instruments (continued)

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as at FVTPL where the financial liability is either held-for-trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

##### i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

##### Impairment of financial assets

Financial assets are assessed for objective evidence of impairment on an incurred loss basis at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

For the financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.



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# **Match Capital Resources Corporation**

## **Notes to Financial Statements**

**Years Ended October 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

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### **3. Significant Accounting Policies (continued)**

#### **(a) Financial instruments (continued)**

##### **De-recognition of financial liabilities**

The Company derecognizes financial liabilities when the obligation is discharged, cancelled or expired.

##### **Fair value of financial instruments**

Financial instruments that are measured at fair value use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of October 31, 2017 and 2016, cash is the Company's only financial instrument that is measured at fair value on the statement of financial position. The fair value of cash is measured using level 1.

#### **(b) Provision**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value at pre-tax rate.

#### **(c) Share-based payment transactions**

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

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# **Match Capital Resources Corporation**

## **Notes to Financial Statements**

**Years Ended October 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

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### **3. Significant Accounting Policies (continued)**

#### **(d) Exploration and evaluation expenditures**

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible or tangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

#### **(e) Restoration, rehabilitation and environmental provision**

A provision is recognized when a legal or constructive obligation to incur restoration, rehabilitation and environmental costs is probable when environmental disturbance has been caused by the company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environmental provision as at October 31, 2017 and October 31, 2016.

#### **(f) Share issue costs**

All costs related to the issuance of the common shares are recorded as a reduction of share capital.

#### **(g) Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (h) Related Party Disclosures

Parties are considered to be related if one party has the ability to directly or indirectly 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 or common significant influence. 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. Related party transactions are in the normal course of business and have commercial substance and are measured at the fair value.

#### (i) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss. 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 regard to previous years.

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

- Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (j) Cash

Cash includes cash on hand and with a Canadian chartered bank.

#### (k) Short-term investments

Short-term investments are investments in the shares of other publicly listed companies and which the Company has intentions of disposition within twelve months. These investments are measured at fair value as described in the available-for-sale accounting policy above.

#### (l) Revenue recognition

Oil and gas revenues are recognized when earned, that is when the oil and gas is extracted and transferred to buyers. Interest income is recognized on the accrual basis. Dividend income is recognized when declared. Realized gains and losses arising from changes in the fair value of short-term investments are recognized in the statements of income (loss) at the time of disposition. Unrealized changes in the fair value of short-term investments are recognized as other comprehensive income (loss).

#### (m) Oil and gas prospects

The costs of acquiring interests in oil and gas properties are recognized at fair value at the date of acquisition. All costs related to exploration activities are expensed as incurred. Once technical feasibility and commercial viability is established for a property, expenditures related to the development of the property are capitalized. The carrying value of all properties is assessed at each reporting date for potential impairment.

Depletion of capitalized costs is calculated on the unit of production method based on estimated recoverable proven oil and gas reserves.

#### (n) New accounting standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after October 31, 2016. The following new standards have been adopted:

(i) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. At November 1, 2016, the Company adopted this pronouncement and there was no impact on the Company's financial statements as a result of this adoption.

(ii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At November 1, 2016, the Company adopted this pronouncement and there was no impact on the Company's financial statements as a result of this adoption.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (o) Future accounting policies

At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2019. The Company is still in the process of assessing the impact of this pronouncement.

Various other accounting pronouncements (such as IFRS 15, IFRS 16 and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 4. Critical Accounting Estimates and Judgments

The preparation of the financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

#### (i) Critical accounting estimates

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

#### (ii) Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments' in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Going concern – The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

### 5. Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company defines its capital as its shareholders' equity. As at October 31, 2017, the Company's capital resources amounted to a deficiency of \$310,804 (2016 - \$249,707).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operation needs. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended October 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of October 31, 2017, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 6. Financial Risk Factors

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risks) as explained below.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors and the Audit Committee. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk and market risk for the year ended October 31, 2017 from the prior year. However the liquidity risk for the Company has increased from the prior year due to the fact that the Company has lower cash balance and total current assets to settle the current liabilities and obligations.

#### Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and government HST recoverable. The Company's cash is held with a Canadian chartered bank, which management believes the risk of loss to be low.

The Company's government HST recoverable is due from government authorities in Canada and deposits held with service providers. This tax receivable is in good standing and has not past due as of October 31, 2017. Management believes that the credit risk concentration with respect to this financial instrument is low.

#### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at October 31, 2017, the Company had cash of \$16,755 (2016 - \$530) to settle current liabilities of \$328,917 (2016 - \$251,793). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity market and loans from shareholders. Negative trend in the general equity market can adversely impact the Company ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity. The Company has also obtained funds from a loan arrangement with a shareholder which amounted to \$207,556 at October 31, 2017. This loan is repayable on demand with interest at the rate of 10% per annum, calculated monthly.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 6. Financial Risk Factors (continued)

#### Market risk

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

Interest rate risk: The Company's debt is at fixed interest rate and, as such, the Company's current exposure to interest rate risk is minimal.

Foreign currency risk: The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

The Company is currently a public shell and has no investment in shares of other public companies. As such the management of the Company believes that it is not exposed to equity price or commodity price risks.

#### Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- Cash is subject to floating interest rates. The Company is indebted to a shareholder of the Company in the amount of \$207,556 at October 31, 2017. This loan is due on demand bears interest at the rate of 10% per annum, calculated monthly. A hypothetical increase/decrease of 10% in this interest rate will result in an increase/decrease in net loss and equity of \$2,076 for the year ended October 31, 2017.
- The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

#### Fair Value Hierarchy

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2017:

	Level 1	Level 2	Level 3	Total
Cash	\$ 16,755	\$ -	\$ -	\$ 16,755



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## Match Capital Resources Corporation

### Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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#### 6. Financial Risk Factors (continued)

##### Fair Value Hierarchy (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2016:

	Level 1	Level 2	Level 3	Total
Cash	\$ 530	\$ -	\$ -	\$ 530

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's government HST recoverable is close to fair value due to its short-term maturity.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company has designated its cash at FVTPL. The government HST recoverable is classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Accounts payables and accrued liabilities and due to shareholder are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

The carrying values, which approximate fair values, of the Company's financial instruments are as follows:

As at October 31,	2017	2016
<b>Financial Assets</b>		
<i>Fair value through profit or loss</i>		
Cash	\$ 16,755	\$ 530
<i>Loans and receivables</i>		
Government HST Recoverable	1,358	1,556
<b>Financial Liabilities</b>		
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	\$ 121,361	\$ 90,046
Due to shareholder	207,556	161,747

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## Match Capital Resources Corporation

### Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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#### 7. Government HST Recoverable

As at October 31,	2017	2016
Government HST Recoverable	\$ 1,358	\$ 1,556

Government HST recoverable is not past due.

#### 8. Short-term Investments

During the year ended October 31, 2016, the Company disposed of all of its short-term investments and recognized a loss of \$8,668. As at October 31, 2017 and 2016, the fair value of the Company's short-term investment is \$nil.

#### 9. Accounts Payable and Accrued Liabilities

As at October 31,	2017	2016
Accounts payable	\$ 14,470	\$ 5,984
Accrued liabilities	106,891	84,062
	\$ 121,361	\$ 90,046

The aging of the accounts payable and accrued liabilities is as follows:

As at October 31,	2017	2016
Less than 30 days	\$ 68,981	\$ 41,368
From 30 days to 90 days	4,359	2,828
Greater than 90 days	48,021	45,850
	\$ 121,361	\$ 90,046

#### 10. Share Capital

##### (a) Common shares

###### Authorized

Unlimited number of common shares with no par value

###### Issued

8,615,445 Common shares \$ 2,196,150

	Shares	Amount
Balance, October 31, 2015, 2016 and 2017	8,615,445	\$ 2,196,150

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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 10. Share Capital (continued)

#### (b) Reserve for Share-based payments

As at October 31, 2017 and 2016, the Company had no stock options outstanding.

The following is a continuity for reserve for share-based payments:

	Amount
Balance, October 31, 2017 and 2016	\$ 134,968

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#### (c) Other reserves

Other reserves are comprised of the aggregate of warrants that expired or were forfeited without exercise. These values were relieved from warrants reserve respectively upon the cancellation/expiry of the equity instrument. As at October 31, 2017, the amount of other reserves is \$251,750. This amount has not changed since year ended October 31, 2012.

#### (d) Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended October 31, 2017 was based on the loss attributable to common shareholders of \$61,097 (2016 - \$64,139) and the weighted average number of common shares outstanding of 8,615,445 (2016 - 8,615,445). There were no stock options or warrants outstanding as at October 31, 2017 and 2016.

### 11. Related Party Disclosure

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.

Related party transactions conducted in the normal course of operations.

During fiscal 2017, the Company incurred professional legal fees of \$12,408 (2016 - \$6,737) for legal services provided by a firm in which a director of the Company is a partner of the firm. As at October 31, 2017, a gross amount of \$11,536, including HST, is included in accounts payable and accrued liabilities (2016 - \$6,821).

On February 27, 2014, the company entered into a promissory note with a major shareholder for the principal sum of \$82,000 bearing interest of 10% per annum, calculated monthly and due on demand. During the year ended October 31, 2017 the Company obtained additional loan in amount of \$45,809 (2016 - \$34,423) from this shareholder and as at October 31, 2017 the total principal of the loan is \$207,556 (2016 - \$161,747). As at October 31, 2017, there was \$47,005 (2016 - \$28,891) of interest accrued on this promissory note which was included in accounts payable and accrued liabilities.

The Company incurred professional consulting fees for services provided by the Chief Executive Officer of the Company. As at October 31, 2017 an amount of \$40,850 (2016 - \$40,850) is included in accounts payable and accrued liabilities.

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## Match Capital Resources Corporation

### Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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#### 12. Segmented Information

The Company's operations comprises a single reporting segment which is currently inactive. As the operation comprises a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

#### 13. Income Taxes

Deferred income taxes reflect the net tax effects of temporary timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company has no deferred tax liabilities

Significant components of the Company's deferred tax assets are as follows:

	2017	2016
Deferred tax assets:		
Capital losses carried forward	\$ 37,022	\$ 37,022
Mining interests	57,123	57,123
Oil and gas interest	88,547	88,547
Non-capital losses carried forward	265,889	249,864
Total deferred tax assets	448,581	432,556
Impairment allowance	(448,581)	(432,556)
Net deferred tax assets	\$ -	\$ -

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## Match Capital Resources Corporation

### Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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#### 13. Income Taxes (continued)

The Company has provided an impairment allowance equal to the deferred tax assets because it is presently not probable that any of those assets will be realized.

The Company's income tax expense for each of the years ended October 31, 2017 and October 31, 2016 is \$Nil. The reconciliation of income tax to the financial statements at the statutory tax rates is as follows:

	2017	2016
Loss before income taxes	\$ (61,097)	\$ (64,139)
Income tax (recovery) at the combined federal and provincial rates of 26.5%.	(16,191)	(16,997)
Loss on disposal of short-term investments	-	2,297
Potential income tax benefit not recognized	16,191	14,700
Income tax	\$ -	\$ -

The Company has a non-capital loss carry forward of approximately \$1,004,200 and capital losses of \$280,000. The Company also has \$334,138 in Canadian Oil and Gas Property Expenses and \$215,559 in Canadian exploration expenses available to reduce future years' income for income tax purposes. The potential benefit of these items has not been recognized in the financial statements.

The non-capital loss will expire as follows:

2026	\$ 48,200
2028	74,500
2029	86,000
2030	157,400
2031	78,500
2032	154,200
2033	155,000
2034	78,500
2035	55,300
2036	55,500
2037	61,100
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	\$1,004,200
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# Match Capital Resources Corporation

## Notes to Financial Statements

Years Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

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### 14. Events After the Reporting Period

- i) The Company entered into a letter of intent dated October 16, 2016 ("LOI") with Shaw Lens Inc. ("Shaw Lens") and Shaw Vision Inc. ("Shaw Vision"), private, affiliated binocular vision technology companies (Shaw Lens and Shaw Vision are hereinafter collectively referred to as "Saw"), to acquire all the issued and outstanding securities of Shaw (the "Transaction").

The Transaction is subject to TSX Venture Exchange ("TSXV") approval and applicable shareholder and regulatory approvals. It is intended that the Transaction is to be completed by way of an amalgamation of Shaw, Match and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"), provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The Transaction is intended to result in a reverse take-over of Match by Shaw's shareholders.

On December 19, 2017, the Company announced that the LOI with Shaw Lens is terminated.

- ii) On January 2, 2018, the Company entered into a binding letter of Intent ("LOI - G") with Gulf International Minerals & Energy Group Ltd. ("GIMEG Canada"), a private elder care facilities company that is developing its first five star retirement home resort brand called GULFCARE, to acquire all the issued and outstanding securities of GIMEG Canada, resulting in a reverse take-over of Match by GIMEG Canada's shareholders (the "G-Transaction").

The G-Transaction is subject to TSXV approval and applicable shareholder and regulatory approvals. It is intended that the G-Transaction will be completed by way of an acquisition of GIMEG Canada, by Match on closing, provided however that, by mutual agreement, the parties may revise the structure of the acquisition to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The G-Transaction is intended to result in a reverse take-over of Match by GIMEG Canada's shareholders. In connection with the G-Transaction, Match intends to apply for listing of its common shares on the Toronto Stock Exchange.

Subject to the satisfaction of the conditions to closing on or prior to the closing of the G-Transaction (the "Closing Date"), Match will acquire GIMEG Canada and Match will issue post-consolidated common shares of Match to the shareholders of GIMEG Canada, in consideration of the transfer of their GIMEG Canada common shares to Match, on the basis that each common share held by shareholders of GIMEG Canada will be exchanged for shares of Match resulting in GIMEG Canada becoming a wholly-owned subsidiary of Match. Upon the closing of the G-Transaction, Match will be renamed "Gulfcare International Group (GIG)" or such other name as the parties agree to.

Match and GIMEG Canada have agreed to use all commercially reasonable efforts to close the G-Transaction prior to May 31, 2018. The LOI-G will terminate in the event the parties fail to enter into a definitive acquisition agreement on or prior to February 28, 2018, unless a later day is otherwise mutually agreed to by the parties.

# **MATCH CAPITAL RESOURCES CORPORATION**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED  
JULY 31, 2018**

**(UNAUDITED)**

**(EXPRESSED IN CANADIAN DOLLARS)**

# MATCH CAPITAL RESOURCES CORPORATION

## Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	As at July 31, 2018	As at October 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 7,163	\$ 16,755
Government HST recoverable (note 3)	3,706	1,358
<b>Total assets</b>	<b>\$ 10,869</b>	<b>\$ 18,113</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 144,125	\$ 121,361
Due to shareholder (note 6)	220,627	207,556
<b>Total liabilities</b>	<b>364,752</b>	<b>328,917</b>
<b>Shareholders' deficiency</b>		
Common share capital (note 5(a))	2,196,150	2,196,150
Reserve for share-based payments (note 5(b))	134,968	134,968
Other reserves (note 5(c))	251,750	251,750
Deficit	(2,936,751)	(2,893,672)
<b>Total shareholders' deficiency</b>	<b>(353,883)</b>	<b>(310,804)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 10,869</b>	<b>\$ 18,113</b>

Nature of operations and going concern (note 1)

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.



# MATCH CAPITAL RESOURCES CORPORATION

## Condensed Interim Statements of Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017	Nine Months Ended July 31, 2018	Nine Months Ended July 31, 2017
<b>Expenses</b>				
Legal and audit fees (note 6)	\$ 1,893	\$ 1,875	\$ 5,811	\$ 18,168
Filing and listing expenses	2,575	2,787	13,684	10,163
Accounting and corporate services	2,489	2,480	7,420	7,423
Office and general	5,596	4,966	16,164	13,284
<b>Total comprehensive loss for the period</b>	<b>\$ (12,553)</b>	<b>\$ (12,108)</b>	<b>\$ (43,079)</b>	<b>\$ (49,038)</b>
<b>Basic and diluted net loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>8,615,455</b>	<b>8,615,445</b>	<b>8,615,445</b>	<b>8,615,445</b>

The notes to the unaudited condensed interim financial statements are an integral part of these financial statements.

# MATCH CAPITAL RESOURCES CORPORATION

## Condensed Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

	Nine Months Ended July 31, 2018	Nine Months Ended July 31, 2017
<b>Operating activities</b>		
Net loss for the period	\$ (43,079)	\$ (49,038)
Changes in non-cash working capital items:		
Government HST recoverable	(2,348)	699
Amounts payable and accrued liabilities	22,764	18,604
<b>Net cash used in operating activities</b>	<b>(22,663)</b>	<b>(29,735)</b>
<b>Financing activity</b>		
Proceeds from shareholder loan	13,071	33,809
<b>Net cash provided by financing activity</b>	<b>13,071</b>	<b>33,809</b>
<b>Net change in cash</b>	<b>(9,592)</b>	<b>4,074</b>
<b>Cash, beginning of period</b>	<b>16,755</b>	<b>530</b>
<b>Cash, end of period</b>	<b>\$ 7,163</b>	<b>\$ 4,604</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

# MATCH CAPITAL RESOURCES CORPORATION

## Condensed Interim Statements of Changes in Shareholders' Deficiency

(Unaudited)

(Expressed in Canadian Dollars)

	Common Share Capital		Reserve for Share-Based Payments		Other Reserves		Deficit		Total
	(#)	(\$)	(\$)		(\$)		(\$)		(\$)
<b>Balance, October 31, 2016</b>	<b>8,615,445</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$</b>	<b>251,750</b>	<b>\$</b>	<b>(2,832,575)</b>	<b>\$</b>	<b>(249,707)</b>
Net loss for the period	-	-	-		-		(49,038)		(49,038)
<b>Balance, July 31, 2017</b>	<b>8,615,445</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$</b>	<b>251,750</b>	<b>\$</b>	<b>(2,881,613)</b>	<b>\$</b>	<b>(298,745)</b>
<b>Balance, October 31, 2017</b>	<b>8,615,445</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$</b>	<b>251,750</b>	<b>\$</b>	<b>(2,893,672)</b>	<b>\$</b>	<b>(310,804)</b>
Net loss for the period	-	-	-		-		(43,079)		(43,079)
<b>Balance, July 31, 2018</b>	<b>8,615,445</b>	<b>\$ 2,196,150</b>	<b>\$ 134,968</b>	<b>\$</b>	<b>251,750</b>	<b>\$</b>	<b>(2,936,751)</b>	<b>\$</b>	<b>(353,883)</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

# **MATCH CAPITAL RESOURCES CORPORATION**

## **Notes to Condensed Interim Financial Statements**

**Three and Nine Months Ended July 31, 2018**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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

Match Capital Resources Corporation (the "Company") was incorporated on October 26, 1988 under the Ontario Business Company's Act.

The Company carried on business in 2 segments: oil and gas production and exploration and evaluation of mining properties. The Company has not earned any significant revenue from its oil and gas interests over the years of its ownership and they were disposed of during the 2014 fiscal year. The Company has not earned any revenue to date from its exploration and evaluation operations and during the 2014 fiscal year the Company terminated all of its interest in its property. The Company is currently in the process of searching for suitable assets or businesses to acquire. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

Significant doubt exists concerning the Company's ability to continue as a going concern because the Company has been incurring material losses in the current period and prior years. The future of the Company is currently dependent upon the Company's ability to obtain sufficient cash from external financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As disclosed in the unaudited condensed interim financial statements, the Company has incurred a net loss for the nine months ended July 31, 2018 of \$43,079 (nine months ended July 31, 2017 - loss of \$49,038), has a working capital deficit of \$353,883 (October 31, 2017 - working capital deficit of \$310,804), and has an accumulated deficit of \$2,936,751 (October 31, 2017 - accumulated deficit of \$2,893,672).

These unaudited condensed interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these unaudited condensed interim financial statements do not give effect to adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. If the going concern assumption is not used, then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these unaudited condensed interim financial statements.

#### **Letter of Intent - Shaw Lens Inc.**

The Company entered into a letter of intent dated October 16, 2016 ("LOI") with Shaw Lens Inc. ("Shaw Lens") and Shaw Vision Inc. ("Shaw Vision"), private, affiliated binocular vision technology companies (Shaw Lens and Shaw Vision are hereinafter collectively referred to as "Saw"), to acquire all the issued and outstanding securities of Shaw (the "Transaction").

The Transaction is subject to TSX Venture Exchange ("TSXV") approval and applicable shareholder and regulatory approvals. It is intended that the Transaction is to be completed by way of an amalgamation of Shaw, Match and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"), provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The Transaction is intended to result in a reverse take-over of Match by Shaw's shareholders.

On December 19, 2017, the Company announced that the LOI with Shaw Lens was terminated.

# **MATCH CAPITAL RESOURCES CORPORATION**

## **Notes to Condensed Interim Financial Statements**

**Three and Nine Months Ended July 31, 2018**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)**

#### **Letter of Intent - Gulf International Minerals & Energy Group Ltd.**

On January 2, 2018, the Company entered into a binding letter of Intent ("LOI-G") with Gulf International Minerals & Energy Group Ltd. ("GIMEG Canada"), a private elder care facilities company that is developing its first five star retirement home resort brand called GULFCARE, to acquire all the issued and outstanding securities of GIMEG Canada, resulting in a reverse take-over of Match by GIMEG Canada's shareholders (the "G-Transaction").

The G-Transaction is subject to TSXV approval and applicable shareholder and regulatory approvals. It is intended that the G-Transaction will be completed by way of an acquisition of GIMEG Canada, by Match on closing, provided however that, by mutual agreement, the parties may revise the structure of the acquisition to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The G-Transaction is intended to result in a reverse take-over of Match by GIMEG Canada's shareholders. In connection with the G-Transaction, Match intends to apply for listing of its common shares on the Toronto Stock Exchange.

Subject to the satisfaction of the conditions to closing on or prior to the closing of the G-Transaction (the "Closing Date"), Match will acquire GIMEG Canada and Match will issue post-consolidated common shares of Match to the shareholders of GIMEG Canada, in consideration of the transfer of their GIMEG Canada common shares to Match, on the basis that each common share held by shareholders of GIMEG Canada will be exchanged for shares of Match resulting in GIMEG Canada becoming a wholly-owned subsidiary of Match. Upon the closing of the G-Transaction, Match will be renamed "Gulfcare International Group (GIG)" or such other name as the parties agree to.

Match and GIMEG Canada have agreed to use all commercially reasonable efforts to close the G-Transaction prior to May 31, 2018. The LOI-G will terminate in the event the parties fail to enter into a definitive acquisition agreement on or prior to February 28, 2018, unless a later day is otherwise mutually agreed to by the parties.

On April 17, 2018, the Company announced that the LOI-G with GIMEG Canada was terminated.

#### **Letter of Intent - Braingrid Corporation**

On June 6, 2018, the Company entered into a Letter of Intent (the "LOI-B"), with Braingrid Corporation ("Braingrid"), a private precision agriculture company focused on the cannabis sector, to acquire all the issued and outstanding securities of Braingrid (the "Transaction").

The Transaction is subject to TSXV approval and applicable shareholder and regulatory approvals as set forth in more detail below. It is intended that the Transaction will be completed by way of a three-cornered amalgamation of Braingrid, Match and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"), provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost-effectiveness. The Transaction is intended to result in a reverse take-over of Match by Braingrid's shareholders.

Subject to the satisfaction of the conditions to closing, on or prior to the closing of the Transaction (the "Closing Date"), Match Subco will amalgamate with Braingrid to form Amalco and Match will issue 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 will be exchanged for 2 post-consolidation common shares of Match resulting in Amalco becoming a wholly-owned subsidiary of Match. The Transaction will be an arm's length transaction for Match. Upon the closing of the Transaction, Match will be renamed Braingrid Limited or such other name as the parties agree to.

# MATCH CAPITAL RESOURCES CORPORATION

## Notes to Condensed Interim Financial Statements

Three and Nine Months Ended July 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

#### Letter of Intent - Braingrid Corporation (continued)

Match and Braingrid have agreed to use all commercially reasonable efforts to close the Transaction prior to September 10, 2018. The LOI-B will terminate in the event the parties fail to enter into a definitive amalgamation agreement on or prior to June 22, 2018, unless a later date is otherwise mutually agreed to by the parties. The parties have mutually agreed to extend this deadline to October 31, 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of September 28, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended October 31, 2017, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending October 31, 2018 could result in restatement of these unaudited condensed interim financial statements.

#### *Future accounting changes*

At the date of authorization of these unaudited condensed interim financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting period.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 – Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

# MATCH CAPITAL RESOURCES CORPORATION

## Notes to Condensed Interim Financial Statements

Three and Nine Months Ended July 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

### 3. GOVERNMENT HST RECOVERABLE

	As at July 31, 2018	As at October 31, 2017
Government HST recoverable	\$ 3,706	\$ 1,358

Government HST recoverable is not past due.

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31, 2018	As at October 31, 2017
Accounts payable	\$ 21,514	\$ 14,470
Accrued liabilities	122,611	106,891
	\$ 144,125	\$ 121,361

The following is an aged analysis of the accounts payable and accrued liabilities:

	As at July 31, 2018	As at October 31, 2017
Less than 30 days	\$ 85,585	\$ 68,981
From 30 days to 90 days	1,469	4,359
Greater than 90 days	57,071	48,021
	\$ 144,125	\$ 121,361

### 5. SHARE CAPITAL

(a) Common shares

#### **Authorized**

The Company is authorized to issue an unlimited number of common shares.

#### **Issued**

	Shares	Amount
Balance, October 31, 2016, July 31, 2017, October 31, 2017 and July 31, 2018	8,615,445	\$ 2,196,150

(b) Reserve for share-based payments

As at October 31, 2016, July 31, 2017, October 31, 2017 and July 31, 2018, there were no stock options outstanding.

# MATCH CAPITAL RESOURCES CORPORATION

## Notes to Condensed Interim Financial Statements

Three and Nine Months Ended July 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

### 5. SHARE CAPITAL (CONTINUED)

(c) Other reserves

Other reserves are comprised of the aggregate of warrants that expired or were forfeited without exercise. These values were relieved from warrants reserve respectively upon the cancellation/expiry of the equity instrument. As at July 31, 2018, the amount of other reserves is \$251,750. This amount has not changed since year ended October 31, 2012.

(d) Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017	Nine Months Ended July 31, 2018	Nine Months Ended July 31, 2017
Numerator, net loss for the period	\$ (12,553)	\$ (12,108)	\$ (43,079)	\$ (49,038)
Denominator, weighted average number of common shares (i)	8,615,455	8,615,445	8,615,445	8,615,445
<b>Basic and diluted net loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

(i) There were no stock options or warrants outstanding as at July 31, 2018 and 2017.

### 6. RELATED PARTY TRANSACTIONS

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.

Related party transactions conducted in the normal course of operations:

On February 27, 2014, the Company entered into a promissory note with a major shareholder for the principal sum of \$82,000 bearing interest of 10% per annum, calculated monthly and due on demand. During the years ended October 31, 2015, 2016 and 2017, the Company obtained additional loans in the amount of \$125,556 from this shareholder. During the nine months ended July 31, 2018, the Company obtained additional loans in the amount of \$13,071 from this shareholder and as at July 31, 2018, the total principal of the loan is \$220,627 (October 31, 2017 - \$207,556). As at July 31, 2018, there was \$63,048 (October 31, 2017 - \$47,004) of interest accrued on this promissory note which was included in accounts payable and accrued liabilities.

During the three and nine months ended July 31, 2018, the Company incurred professional legal fees of \$17 and \$45, respectively (three and nine months ended July 31, 2017 - \$nil and \$12,408, respectively) for legal services provided by a firm in which a director of the Company is a partner of the firm. As at July 31, 2018, \$13,087, including HST, is included in accounts payable and accrued liabilities (October 31, 2017 - \$11,536) to a law firm in which a director of the Company is a partner.

As at July 31, 2018, \$40,850 of professional consulting fees for services provided by the Chief Executive Officer of the Company was included in accounts payable and accrued liabilities (October 31, 2017 - \$40,850).



# **MATCH CAPITAL RESOURCES CORPORATION**

## **Notes to Condensed Interim Financial Statements**

**Three and Nine Months Ended July 31, 2018**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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### **7. SEGMENTED INFORMATION**

The Company's operations comprises a single reporting segment which is currently inactive. As the operation comprises a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts.

**SCHEDULE "B" – BRAINGRID FINANCIAL STATEMENTS**

# **Braingrid Corporation**

Consolidated Financial Statements

**For the years ended January 31, 2018 and January 31, 2017**

(Expressed in Canadian Dollars, unless otherwise noted)

## Independent Auditors' Report

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To the Shareholders of Braingrid Corporation.:

We have audited the accompanying consolidated financial statements of Braingrid Corporation., which comprise the consolidated statements of financial position as at January 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity(deficiency) and cash flows for the years ended January 31, 2018 and January 31, 2017 and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Braingrid Corporation as at January 31, 2018 and 2017 and the results of its operations and its cash flows for the years ended January 31, 2018 and January 31, 2017, in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes the material uncertainties that may cast significant doubt about Braingrid Corporation's ability to continue as a going concern.

*MNP LLP*

September 17, 2018  
Toronto, Ontario

Chartered Professional Accountants  
Licensed Public Accountants

# Braingrid Corporation

Consolidated Statements of Financial Position  
As at January 31, 2018 and January 31, 2017  
(in Canadian dollars)

	Note	January 31, 2018	January 31, 2017
<b>Assets</b>			
<b>Current assets:</b>			
Cash		\$ 35,965	\$ 3,114
Accounts receivable	5	9,754	7,141
Investment tax credits recoverable		217,000	366,439
Inventory		73,637	67,635
Prepaid expenses and sundry assets		12,377	5,971
		\$ 348,733	\$ 450,300
Property and equipment	6	57,701	69,145
Intangibles	7	30,773	11,952
		\$ 437,207	\$ 531,397

## Liabilities and shareholders' equity (deficiency)

<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		47,572	111,010
Deferred Revenue		117,782	100,000
Loan payable	8	587,485	310,132
Due to shareholder	9	12,160	19,175
		\$ 764,999	\$ 540,317
<b>Shareholders' equity (deficiency):</b>			
Share capital	11	687,713	619,607
Share-based payment reserve	13	1,552,115	560,296
Warrant reserve	14	117,913	117,913
Accumulated deficit		(2,685,533)	(1,306,736)
		\$ (327,792)	\$ (8,920)
		\$ 437,207	\$ 531,397

Signed on behalf of the Board

"Ken Kadonoff"  
Chairman of the Board

"Michael Kadonoff"  
Director

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

# Braingrid Corporation

Consolidated Statements of Loss and Comprehensive Loss  
For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

	Note	Year Ended January 31,	
		2018	2017
<b>Revenue</b>			
Set-up, integration & other revenue		\$41,585	-
Service & support		4,287	-
Revenue		45,872	-
Cost of sales		2,365	-
<b>Gross profit</b>		43,507	-
<b>Expenses</b>			
Stock based compensation	13	1,026,800	247,670
Salaries & wages		354,610	232,940
Occupancy costs		53,352	41,656
Professional fees		44,864	24,146
Consulting expense		35,623	174,999
Office & general		27,101	16,960
Research & development		24,173	17,065
Computer & internet		19,699	13,149
Travel		12,047	2,168
Advertising & promotion		6,964	5,251
Meals & entertainment		4,721	1,722
Investment tax recovery		(228,716)	(175,615)
Amortization of debt discount		36,189	26,414
Depreciation	6	12,752	19,345
Total operating expenses		1,430,179	647,870
<b>Loss before income taxes</b>		(1,386,672)	(647,870)
Income tax expense		-	-
<b>Net loss and comprehensive loss</b>		(1,386,672)	(647,870)
<b>Net loss per share - basic and diluted</b>		\$0.12	\$0.06
<b>Weighted average common shares outstanding</b>		11,564,865	11,535,426

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

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

# Braingrid Corporation

Consolidated Statements of Changes in Equity (deficiency)  
For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

	Note	Share Capital						Contributed surplus	Warrant reserve	Deficit	Total
		Number of Class A Shares	Amount	Number of Class B Shares	Amount	Number of Class C Shares	Amount				
<b>Balance, January 31, 2016</b>		<b>10,000,000</b>	<b>\$20</b>	-	-	<b>1,535,426</b>	<b>\$619,587</b>	<b>\$239,619</b>	<b>\$117,913</b>	<b>(\$650,991)</b>	<b>\$326,148</b>
Stock based compensation	13	-	-	-	-	-	-	312,802	-	-	312,802
Net loss and comprehensive loss for the year		-	-	-	-	-	-	-	-	(647,870)	(647,870)
<b>Balance, January 31, 2017</b>		<b>10,000,000</b>	<b>\$20</b>	-	-	<b>1,535,426</b>	<b>\$619,587</b>	<b>\$552,421</b>	<b>\$117,913</b>	<b>(\$1,298,861)</b>	<b>(\$8,920)</b>
Issuance of shares	11	-	-	-	-	28,301	15,000	-	-	-	15,000
Issuance of shares due to exercise of options	11	-	-	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)
<b>Balance, January 31, 2018</b>		<b>10,000,000</b>	<b>\$20</b>	<b>100,000</b>	<b>\$53,106</b>	<b>1,563,727</b>	<b>\$634,587</b>	<b>\$1,552,115</b>	<b>\$117,913</b>	<b>(\$2,685,533)</b>	<b>(\$327,792)</b>

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

# Braingrid Corporation

## Consolidated Statements of Cash Flows

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

	<b>Year Ended</b>	
	<b>January 31, 2018</b>	<b>January 31, 2017</b>
<b>Operating Activities</b>		
Net loss for the year	<b>\$ (1,386,672)</b>	\$ (647,870)
Adjustment for:		
Depreciation	<b>12,752</b>	19,345
Stock based compensation	<b>1,026,800</b>	247,670
Amortization of debt discount	<b>36,189</b>	26,414
Net change in non-cash working capital:		
Accounts receivable	<b>(2,613)</b>	48,436
Investment tax credit recoverable	<b>149,439</b>	(175,614)
Inventory	<b>(5,838)</b>	(295)
Prepaid expenses and sundry assets	<b>(6,405)</b>	(5,971)
Accounts payable and accrued liabilities	<b>(63,439)</b>	(59,669)
Deferred revenue	<b>17,782</b>	(13,000)
<b>Net cash used in operating activities</b>	<b>\$ (222,005)</b>	\$ (560,554)
<b>Investing activities</b>		
Purchase of property and equipment	<b>(1,308)</b>	(4,709)
Investment in intangible assets	<b>(18,821)</b>	(1,274)
<b>Net cash used in investing activities</b>	<b>\$ (20,129)</b>	\$ (5,983)
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of costs	<b>15,000</b>	-
Proceeds from issuance of common shares - option exercises	<b>1,000</b>	-
Proceeds from stock options transfer	<b>25,000</b>	-
Advances of loan payable	<b>241,000</b>	298,000
Advances (payments to) shareholder	<b>(7,015)</b>	79,769
<b>Net cash provided by financing activities</b>	<b>\$ 274,985</b>	\$ 377,769
Net change in cash	<b>32,851</b>	(188,768)
Cash, beginning of year	<b>3,114</b>	191,882
<b>Cash, end of year</b>	<b>\$ 35,965</b>	\$ 3,114

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



# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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### 1. Nature of operations

Braingrid Corporation (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.

### 2. Statement of Compliance and Going concern

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the accounting policies.

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 \$2,685,533 as at January 31, 2018 (2017 - \$1,306,736). 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 January 31, 2018, the Company had current assets of \$348,733 (2017 - \$450,300) to cover current liabilities of \$764,999 (2017 - \$540,317). It should be noted that the loan payable was fully repaid subsequent to January 31, 2018.

These consolidated financial statements were approved by the Company's board of directors on September 17, 2018.

### 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 presentations currencies*

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

# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

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## 3. Significant accounting policies (continued)

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

### *Basis of consolidation*

These consolidated financial statements include the accounts of the Company together with its subsidiaries. All intercompany transactions and balances have been eliminated. The consolidated financial statements of Braingrid and its subsidiary BG Cangrow Corp. are consolidated from the date that control commences until the date that control ceases. A change in the ownership of its subsidiaries, without a loss of control, is accounted for as an equity transaction.

### *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.

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

# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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## 3. Significant accounting policies (continued)

### *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.

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.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### *Segmented reporting*

The Company currently operates as a single segment. Its principal business relates to commercializing a hydrogen sulfide recovery system to solve a global problem caused by toxic and corrosive hydrogen sulfide in the biogas industry in Canada. All of the assets of the Company are situated in Canada and the Company has not yet commercialized its technology to generate income.

#### *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.

#### *Financial instruments*

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive loss, net of tax.

# Braingrid Corporation

Notes to the Consolidated Financial Statements  
For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

## 3. Significant accounting policies (continued)

### *Financial instruments (continued)*

Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method. The Company’s financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Long-term loans payable	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

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## 3. Significant accounting policies (continued)

### *Impairment of financial assets (continued)*

With the exception of available for sale ("AFS") equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized

### *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.

### *Revenue*

The Company recognizes revenue from the rendering of contracted services. Revenue is measured at the fair value of consideration received or receivable and is recognized when the amount of revenue can be measured reliably, the costs incurred or to be incurred in respect of the transaction can be measured and it is probable that the economic benefits associated with the transaction will flow to the Company.

### *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 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.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### *Future accounting pronouncements*

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). The Company will be required to adopt amendments to IFRS 7, requiring increased disclosure regarding derecognition of financial assets and the continuing involvement accounting for annual periods beginning on or after December 1, 2016. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 7 will have on the Company's financial statements.

IFRS 9, Financial Instruments, ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 9 will have on the Company's financial statements.

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, revenue, IAS 11, construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 15 will have on the Company's financial statements.

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its financial statements for the annual period beginning on December 1, 2019. 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. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's financial statements.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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### 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.

#### *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, 2018 and January 31, 2017, the Company was not required to adjust the useful lives of any assets based on the factors described above.

#### *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.

#### *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.



# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

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

#### *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.

### 5. Accounts receivable

	January 31, 2018	January 31, 2017
Trade receivables	\$ 5,424	\$ -
HST and other receivables	4,330	7,141
<b>Total accounts receivable</b>	<b>9,754</b>	<b>7,141</b>

### 6. Property and equipment

<b>Cost</b>	<b>Computer Equipment</b>	<b>Other Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Tools &amp; Dies</b>	<b>Total</b>
Balance, January 31, 2016	\$ 6,905	\$ 41,782	\$ 6,514	\$ 42,564	\$ 97,765
Additions	2,045	1,704	960	-	4,709
Balance, January 31, 2017	\$ 8,950	\$ 43,486	\$ 7,474	\$ 42,564	\$ 102,474
Additions	1,308	-	-	-	1,308
<b>Balance, January 31, 2018</b>	<b>\$ 10,258</b>	<b>\$ 43,486</b>	<b>\$ 7,474</b>	<b>\$ 42,564</b>	<b>\$ 103,782</b>

<b>Accumulated Depreciation</b>	<b>Computer Equipment</b>	<b>Other Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Tools &amp; Dies</b>	<b>Total</b>
Balance, January 31, 2016	\$ 2,476	\$ 6,432	\$ 820	\$ 4,256	\$ 13,984
Depreciation	2,358	8,090	1,235	7,662	19,345
Balance, January 31, 2017	\$ 4,834	\$ 14,522	\$ 2,055	\$ 11,918	\$ 33,329
Depreciation	1,431	4,108	1,084	6,129	12,752
<b>Balance, January 31, 2018</b>	<b>\$ 6,265</b>	<b>\$ 18,630</b>	<b>\$ 3,139</b>	<b>\$ 18,047</b>	<b>\$ 46,081</b>

<b>Net Book Value</b>	<b>Computer Equipment</b>	<b>Other Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Tools &amp; Dies</b>	<b>Total</b>
Balance, January 31, 2017	\$ 4,116	\$ 28,964	\$ 5,419	\$ 30,646	\$ 69,145
<b>Balance, January 31, 2018</b>	<b>\$ 3,993</b>	<b>\$ 24,856</b>	<b>\$ 4,335</b>	<b>\$ 24,517</b>	<b>\$ 57,701</b>

# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

## 7. Intangible assets

### Cost

Balance, January 31, 2016	\$10,678
Additions	\$1,274
Balance, January 31, 2017	\$11,952
Additions	\$18,821
<b>Balance, January 31, 2018</b>	<b>\$30,773</b>

### Net Book Value

Balance, January 31, 2017	\$11,952
<b>Balance, January 31, 2018</b>	<b>\$30,773</b>

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

## 8. Note payable

On April 26, 2016 (and further extended on December 28, 2017) the Company entered into a Demand Loan Facility Agreement with Mika Holdings Limited, a related company to Ken Kadonoff (the "Loan Facility") as further disclosed in Note 18.

## 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:

2018	44,723
2019	107,479
2020 and thereafter	179,131
<b>Total</b>	<b>\$ 331,333</b>

# Braingrid Corporation

Notes to the Consolidated Financial Statements  
For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

## 11. Share Capital

### Authorized share capital:

Class A common shares – unlimited number of common shares, no par value, one vote per common share.

Class B common shares - unlimited number of common shares, no par value, non-voting.

Class C common shares - unlimited number of common shares, no par value, one vote per common share.

### Issued and outstanding common shares:

Cost	Class A Common		Class B Common		Class C Common		Total Shares
	Shares	Amount	Shares	Amount	Shares	Amount	
Balance, January 31, 2016	10,000,000	\$20	-	-	1,535,426	\$619,587	11,535,426
Additions	-	-	-	-	-	-	-
Balance, January 31, 2017	10,000,000	\$20	-	-	1,535,426	\$619,587	11,535,426
Issuance of shares	-	-	-	-	28,301	15,000	28,301
Issuance of shares (option exercise)	-	-	100,000	53,106	-	-	100,000
<b>Balance, January 31, 2018</b>	<b>10,000,000</b>	<b>\$20</b>	<b>100,000</b>	<b>\$53,106</b>	<b>1,563,727</b>	<b>\$634,587</b>	<b>11,663,727</b>

## 12. Loss per share

	For the year ended January 31, 2018		For the year ended January 31, 2017	
Numerator				
Net loss for the period	\$	1,386,672	\$	647,870
Denominator				
Weighted average shares - basic		11,564,865		11,535,426
Stock options		-		-
Denominator for diluted loss per share		11,564,865		11,535,426
Loss per share - basic and diluted	\$	0.12	\$	0.06

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.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

### 13. Share-based payments

During the year ended January 31, 2018, the Company issued 2,163,553 stock options, each option entitling the holder to purchase one Class B common share of the Company. During the year ended January 31, 2017, 100,000 of options were exercised.

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

	Number of Options	Weighted Avg Exercise Price (CDN\$)
Balance at January 31, 2016	612,500	\$ 0.01
Options issued	740,140	0.09
Balance at January 31, 2017	1,352,640	0.06
Options issued	2,163,553	0.10
Options exercised	(100,000)	0.01
Balance at January 31, 2018	3,416,193	\$ 0.08

As at January 31, 2018, details of the issued and outstanding stock options are as follows:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested as at January 31, 2018	Number of Options Unvested
January 1, 2025	\$0.010	6.9	50,000	50,000	-
March 31, 2025	\$0.010	7.2	150,000	150,000	-
April 1, 2025	\$0.010	7.2	112,500	112,500	-
July 1, 2025	\$0.010	7.4	112,500	112,500	-
October 1, 2025	\$0.010	7.7	112,500	112,500	-
January 1, 2026	\$0.010	7.9	75,000	75,000	-
February 15, 2026	\$0.010	8.0	361,640	361,640	-
April 26, 2026	\$0.010	8.2	125,000	125,000	-
July 14, 2026	\$0.010	8.5	3,500	3,500	-
January 31, 2027	\$0.530	9.0	15,000	15,000	-
August 1, 2026	\$0.530	8.5	100,000	100,000	-
August 1, 2026	\$0.530	8.5	135,000	67,500	67,500
February 1, 2027	\$0.010	9.0	550,000	-	550,000
February 1, 2027	\$0.530	9.0	26,000	26,000	-
July 3, 2027	\$0.530	9.4	130,000	-	130,000
August 1, 2027	\$0.530	9.5	95,000	95,000	-
August 1, 2027	\$0.010	9.5	100,000	100,000	-
September 18, 2027	\$0.530	9.6	25,000	25,000	-
November 22, 2027	\$0.010	9.8	190,000	190,000	-
December 10, 2027	\$0.010	9.9	510,189	510,189	-
January 31, 2028	\$0.010	10.0	377,364	377,364	-
January 31, 2028	\$0.530	10.0	60,000	60,000	-
	<b>\$0.081</b>	<b>8.9</b>	<b>3,416,193</b>	<b>2,668,693</b>	<b>747,500</b>

Note: All options are exercisable into Class B common shares.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

### 13. Share-based payments (continued)

The fair value of options granted as well as the deemed issuance of options during the year ended January 31, 2018 and January 31, 2017 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	FY 2018	FY 2017
Volatility	83%	83%
Risk-free interest rate	1.22%	1.22%
Expected life	5 years	5 years
Dividend yield	0%	0%
Common share price	CDN \$0.53	CDN \$0.53
Strike price	CDN \$0.01 - \$0.53	CDN \$0.01 - \$0.53
Forfeiture rate	nil	nil

The Company recorded \$1026,800 of stock-based compensation for the year ended January 31, 2018 and \$247,670 for the year ended January 31, 2017. During the year ended January 31, 2018, the Company received proceeds of \$1,000 due to the exercise of stock options. The Company reclassified \$52,106 from contributed surplus into share capital due to the exercise of options.

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. The Company has estimated its stock option forfeitures to be Nil for the years ended January 31, 2018 and January 31, 2017.

### 14. Warrants

During the year ended January 31, 2016, the Company issued 500,000 common shares and 1,000,000 warrants with a weighted average exercise price of \$0.475, each warrant entitling the holder to purchase one Class C common share of the Company. The total proceeds of the issuance were \$200,000 and has been allocated to warrants and share capital based on a relative fair value basis.

The fair value of warrants granted during the year ended January 31, 2016 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	FY 2016
Volatility	83%
Risk-free interest rate	1.22%-1.87%
Expected life	5 – 10 years
Dividend yield	0%
Common share price	CDN \$0.40
Strike price	CDN \$0.45-\$0.50
Forfeiture rate	nil

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

### 15. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 - 26.5%) to the effective tax rate is as follows:

	2018	2017
	\$	\$
Loss before income taxes	(1,386,672)	(647,870)
Statutory tax rate	26.50%	26.50%
Expected income tax expense	(367,468)	(171,686)
Share based compensation and non-deductible expenses	205,320	28,409
Refundable tax credits offset against SRED deductible pool	-	50,068
Other adjustments	-	(4,435)
Change in tax benefits not recognized	162,148	97,644
Actual income tax expense	-	-

### Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
	\$	\$
Property and equipment	12,530	17,580
Non-capital losses carried forward	1,093,880	656,224
ORDTC - schedule 506	19,767	19,767
SR&ED Pool from T661	42,456	25,364
	1,168,633	718,935

The Company's Canadian non-capital income tax losses expire as follows:

	2018
	\$
2033	2,706
2034	27,457
2035	441,857
2036	184,204
2037	437,596
	1,093,880

### 16. 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.

# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

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## 17. 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 January 31, 2018, the Company had current assets of \$348,733 (2017 - \$450,301) to cover current liabilities of \$765,000 (2017 - \$540,319). 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. The fair value of the Company's cash, accounts receivable and accounts payable and accrued liabilities is \$35,965, \$9,754 and \$47,573 respectively.

# Braingrid Corporation

## Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017  
(in Canadian dollars)

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### 18. 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 year ended January 31, 2018 and the year ended January 31, 2017, 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.

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 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)



# Braingrid Corporation

Notes to the Consolidated Financial Statements

For the years ended January 31, 2018 and January 31, 2017

(in Canadian dollars)

## 18. Related party transactions and key management compensation

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:

	<b>For the year ended January 31, 2018</b>		<b>For the period ended January 31, 2017</b>	
Salaries and benefits, including bonuses	\$	190,750	\$	144,000
Share-based compensation		450,524		188,435
Total	\$	641,274	\$	332,435

## 19. Subsequent events

On February 13, 2018 and April 9, 2018, the Company closed (in two tranches) a 6,768,000 unit offering at a price of \$0.40 per 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 will be 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 February 22, 2018 the Company repaid the loan to Mika Holdings Limited in full, in the amount of \$608,000, which included an additional loan amount of \$19,000 that was made subsequent to year-end.

# **Braingrid Corporation**

Consolidated Financial Statements

**For the six months ended July 31, 2018 and 2017**

(Expressed in Canadian Dollars, unless otherwise noted)

# Braingrid Corporation

Condensed unaudited interim consolidated statements of financial position

As at July 31, 2018 and January 31, 2018

(Expressed in Canadian dollars)

	Note	July 31, 2018	January 31, 2018
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 983,807	\$ 35,965
Accounts receivable		30,094	9,754
Investment tax credits recoverable		217,000	217,000
Inventory		120,701	73,637
Prepaid expenses, deferred charges and sundry assets		128,105	12,377
		<b>1,479,707</b>	<b>348,733</b>
Property and equipment	5	80,226	57,701
Intangibles		32,086	30,773
		<b>\$ 1,592,019</b>	<b>\$ 437,207</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 255,450	\$ 47,572
Deferred Revenue		7,234	117,782
Loan payable		-	587,485
Shares to be issued		30,000	-
Provision for liquidity incentive	9	146,541	-
Due to shareholder		-	12,160
		<b>439,225</b>	<b>764,999</b>
<b>Shareholders' equity:</b>			
Share capital	6	2,751,019	687,713
Share-based payment reserve	8	1,644,999	1,552,115
Warrants reserve	6	510,278	117,913
Accumulated deficit		(3,753,503)	(2,685,533)
		<b>1,152,794</b>	<b>(327,792)</b>
		<b>\$ 1,592,019</b>	<b>\$ 437,207</b>

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

# Braingrid Corporation

Condensed unaudited interim consolidated statements of loss and comprehensive loss  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

	Note	Six months ended July 31,	
		2018	2017
<b>Revenue</b>			
Set-up, integration & other revenue		\$119,868	-
Service & support		25,191	17,565
Revenue		145,059	17,565
Cost of sales		4,691	226
<b>Gross profit</b>		140,368	17,339
<b>Expenses</b>			
Salaries & wages		613,912	122,710
Provision for liquidity incentive		146,541	-
Consulting expense		127,308	27,985
Stock based compensation	8	92,884	194,046
Professional fees		68,583	9,382
Research & development		43,536	29,121
Office & general		35,428	11,695
Occupancy costs		26,668	26,354
Computer & internet		17,930	6,592
Travel		13,764	5,450
Advertising & promotion		13,102	4,487
Depreciation	5	10,515	6,376
Meals & entertainment		1,723	2,645
Amortization of debt discount		1,548	18,160
Investment tax recovery		-	-
Interest income		(5,105)	-
Total expenses		1,208,338	465,005
<b>Loss before income taxes</b>		(1,067,970)	(447,666)
Income tax expense		-	-
<b>Net loss and comprehensive loss</b>		(1,067,970)	(447,666)
<b>Net loss per share - basic and diluted</b>		(\$0.06)	(\$0.04)
<b>Weighted average common shares outstanding</b>		18,080,401	11,538,084

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

# Braingrid Corporation

Condensed unaudited interim consolidated statements of loss and comprehensive loss  
For the three months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

	Note	Three months ended July 31,	
		2018	2017
<b>Revenue</b>			
Set-up, integration & other revenue		\$113,509	-
Service & support		16,800	1,750
Revenue		130,308	1,750
Cost of sales		2,338	226
<b>Gross profit</b>		<b>127,970</b>	<b>1,524</b>
<b>Expenses</b>			
Salaries & wages		319,635	73,767
Provision for liquidity incentive		146,541	-
Consulting expense		76,577	15,000
Stock based compensation	8	22,331	49,157
Professional fees		48,126	5,873
Research & development		5,640	7,452
Office & general		9,386	7,093
Occupancy costs		12,720	13,499
Computer & internet		6,704	3,349
Travel		8,502	3,590
Advertising & promotion		5,268	3,148
Depreciation	5	6,123	3,188
Meals & entertainment		971	1,916
Amortization of debt discount		-	9,080
Interest income		(5,105)	-
Total expenses		663,419	196,112
<b>Loss before income taxes</b>		<b>(535,449)</b>	<b>(194,588)</b>
Income tax expense		-	-
<b>Net loss and comprehensive loss</b>		<b>(535,449)</b>	<b>(194,588)</b>
<b>Net loss per share - basic and diluted</b>		<b>\$0.03</b>	<b>\$0.02</b>
<b>Weighted average common shares outstanding</b>		<b>18,826,026</b>	<b>11,540,656</b>

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

# Braingrid Corporation

Condensed unaudited interim consolidated statements of changes in equity

For the six months ended July 31, 2018 and 2017

(Expressed in Canadian dollars)

	Note	Share Capital						surplus	reserve	Deficit	Total
		Class A	Amount	Class B	Amount	Class C	Amount				
<b>Balance, January 31, 2018</b>		<b>10,000,000</b>	<b>\$20</b>	<b>100,000</b>	<b>\$53,106</b>	<b>1,563,727</b>	<b>\$634,587</b>	<b>\$1,552,115</b>	<b>\$117,913</b>	<b>(\$2,685,533)</b>	<b>(\$327,792)</b>
Issuance of units		-	-	6,668,000	2,227,116	-	-	-	440,084	-	2,667,200
Share issuance costs		-	-	175,820	(171,162)	-	-	-	(47,719)	-	(218,881)
Shares issued pursuant to the exercise of warrants		-	-	-	-	735,200	7,352	-	-	-	7,352
Stock based compensation		-	-	-	-	-	-	92,884	-	-	70,554
Net loss and comprehensive loss for the period		-	-	-	-	-	-	-	-	(1,067,970)	(1,067,970)
<b>Balance, July 31, 2018</b>		<b>10,000,000</b>	<b>\$20</b>	<b>6,943,820</b>	<b>\$2,109,060</b>	<b>2,298,927</b>	<b>\$641,939</b>	<b>\$1,644,999</b>	<b>\$510,278</b>	<b>(\$3,753,503)</b>	<b>\$1,130,463</b>
<b>Balance, January 31, 2017</b>		<b>10,000,000</b>	<b>\$20</b>	-	-	<b>1,535,426</b>	<b>\$619,587</b>	<b>\$552,421</b>	<b>\$117,913</b>	<b>(\$1,294,734)</b>	<b>(\$8,920)</b>
Stock based compensation		-	-	-	-	-	-	194,046	-	-	194,046
Cash received for options transfer		-	-	-	-	-	-	25,000	-	-	25,000
Net loss and comprehensive loss for the period		-	-	-	-	-	-	-	-	(447,666)	(447,666)
<b>Balance, July 31, 2017</b>		<b>10,000,000</b>	<b>\$20</b>	-	-	<b>1,535,426</b>	<b>\$619,587</b>	<b>\$771,468</b>	<b>\$117,913</b>	<b>(\$1,742,400)</b>	<b>(\$237,539)</b>

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

# Braingrid Corporation

Condensed unaudited interim consolidated statements of cash flows  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

	Six months ended	
	July 31, 2018	July 31, 2017
<b>Operating Activities</b>		
Net loss for the period	\$ (1,067,970)	\$ (447,666)
Adjustment for:		
Depreciation	10,515	6,376
Stock based compensation	92,884	194,046
Amortization of debt discount	1,548	18,160
Net change in non-cash working capital:		
Accounts receivable	(20,340)	265
Investment tax credit recoverable	-	190,439
Inventory	(47,064)	(456)
Prepaid expenses and sundry assets	(115,728)	(880)
Accounts payable and accrued liabilities	207,846	(46,645)
Deferred revenue	(110,548)	2,488
Provision for liquidity incentive	146,541	-
<b>Net cash used in operating activities</b>	<b>\$ (902,315)</b>	<b>\$ (83,872)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(33,040)	-
Investment in intangible assets	(1,313)	(15,145)
<b>Net cash used in investing activities</b>	<b>\$ (34,353)</b>	<b>\$ (15,145)</b>
<b>Financing activities</b>		
Proceeds from issuance of equity, net of cash costs	2,455,670	219,046
Advances of loan payable	(589,000)	(39,000)
Shares to be issued	30,000	-
Advances (payments to) shareholder	(12,160)	(19,175)
<b>Net cash provided by financing activities</b>	<b>\$ 1,884,510</b>	<b>\$ 160,871</b>
Net change in cash	947,842	61,854
Cash, beginning of year	35,965	3,114
<b>Cash, end of year</b>	<b>\$ 983,807</b>	<b>\$ 64,969</b>

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

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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## 1. Nature of operations

Braingrid Corporation (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.

## 2. Statement of compliance and going concern

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the accounting policies.

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 \$3,753,503 as at July 31, 2018 (January 31, 2018 - \$2,685,533). 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 July 31, 2018, the Company had current assets of \$1,479,707 (January 31, 2018 - \$348,733) to cover current liabilities of \$439,225 (January 31, 2018 - \$764,999).

## 3. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") and should be read in conjunction with the most recent audited annual consolidated financial statements ("Annual Financial Statements") for the year ended January 31, 2018. These interim financial statements follow the same accounting policies and methods of application as the annual financial statements, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective February 1, 2018. All intercompany transactions and balances for subsidiaries have been eliminated.

The interim consolidated financial statements were approved by the Board of Directors on October 17, 2018.



# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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## 4. 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.

### *Standards, amendments and interpretations implemented during the six months ended July 31, 2018*

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 intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

### 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 impairments model.

The standard contains three classifications categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and 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 had no impact on the measurement of financial instruments, which are summarized in the following table:

Financial assets and liabilities	IAS 39	IFRS 9	IFRS 39 / IFRS 9 Carrying value
Cash and cash equivalents	FVTPL	FVTPL	\$ 983,807
Accounts receivable	Loans and receivables	Amortized cost	\$ 30,094
Due from related parties	Loans and receivables	Amortized cost	\$ -
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	\$ 255,450
Loan payable	Other financial liabilities	Amortized cost	\$ -

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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## Significant accounting policies (continued)

### IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 with a date of initial application of February 1, 2018. IFRS 15 includes a single, five-step revenue recognition model that requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. The standard also requires more informative, relevant disclosures. IFRS 15 supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as various IFRIC and SIC interpretations regarding revenue.

The Company has applied IFRS 15 using the cumulative effect method (without practical expedients) and therefore the comparative information has not been restated. The adoption of IFRS 15 did not result in any transition adjustments being recognized as at February 1, 2018.

As a result of the adoption of IFRS 15, the Company's accounting policies have been updated. The changes in accounting policies will be reflected in the Company's consolidated financial statements as at and for the year ended January 31, 2019.

### *Standards, amendments and interpretations issued and not yet effective*

The International Accounting Standards Board has issued some new standards and amendments that will be effective in the coming years. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The impact on the Company is currently being assessed.

### IFRS 16 Leases

IFRS 16 was issued by the IASB on January 13, 2016. The Company will be required to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. 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. Management is currently evaluating the potential impact, if any, that the adoption of IFRS 16 will have on the Company's consolidated financial statements.

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements

For the six months ended July 31, 2018 and 2017

(Expressed in Canadian dollars)

## 5. Property and equipment

Cost	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2017	\$7,798	\$41,568	\$7,565	\$42,564	\$99,495
Additions	-	-	-	-	0
Balance, July 30, 2017	\$7,798	\$41,568	\$7,565	\$42,564	\$99,495
Additions	1,308	-	-	-	1,308
Balance, January 31, 2018	\$9,106	\$41,568	\$7,565	\$42,564	\$100,803
Additions	12,734	1,918	18,389	-	33,040
<b>Balance, July 31, 2018</b>	<b>\$21,840</b>	<b>\$43,486</b>	<b>\$25,954</b>	<b>\$42,564</b>	<b>\$133,843</b>

Accumulated Depreciation	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2017	\$2,832	\$13,454	\$2,145	\$11,918	\$30,349
Depreciation	716	2,054	542	3,064	\$6,376
Balance, July 31, 2017	\$3,548	\$15,508	\$2,687	\$14,982	\$36,725
Depreciation	716	2,054	542	3,064	6,376
Balance, January 31, 2018	\$4,264	\$17,562	\$3,229	\$18,046	\$43,101
Depreciation	\$3,839	\$2,150	\$1,461	\$3,064	\$10,515
<b>Balance, July 31, 2018</b>	<b>\$8,103</b>	<b>\$19,712</b>	<b>\$4,690</b>	<b>\$21,110</b>	<b>\$53,616</b>

Net Book Value	Computer Equipment	Other Equipment	Furniture & Fixtures	Tools & Dies	Total
Balance, January 31, 2017	\$4,966	\$28,114	\$5,420	\$30,646	\$69,146
Balance, July 31, 2017	\$4,250	\$26,060	\$4,878	\$27,582	\$62,770
Balance, January 31, 2018	\$4,842	\$24,006	\$4,336	\$24,518	\$57,702
<b>Balance, July 31, 2018</b>	<b>\$13,736</b>	<b>\$23,774</b>	<b>\$21,263</b>	<b>\$21,454</b>	<b>\$80,228</b>

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

## 6. Share capital

### Authorized share capital:

Class A common shares – unlimited number of common shares, no par value, one vote per common share.

Class B common shares - unlimited number of common shares, no par value, non-voting.

Class C common shares - unlimited number of common shares, no par value, one vote per common share.

On February 13, 2018 and April 9, 2018, the Company closed (in two tranches) a 6,768,000 unit offering (the "Offering") at a price of \$0.40 per 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 will be 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. The net proceeds from the non-brokered private placement are intended to be used for capital expenditures, acquisitions, repayment of secured debt held by a corporation controlled by the Chairman of the Issuer, working capital and general corporate purposes.

The total gross proceeds of the issuance of \$2,667,200 have been allocated to warrants and share capital based on a relative fair value basis as follows:

	For the six months ended July 31, 2018
Amounts allocated to warrant reserve	440,084
Amounts allocated to share capital	2,227,116
<b>Total</b>	<b>\$ 2,667,200</b>

The fair value of warrants granted during the six months ended July 31, 2018 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

	Warrants
Volatility	83%
Risk-free interest rate	1.22%
Expected life	1.5 years
Dividend yield	0%
Common share price	CDN \$0.40
Strike price	CDN \$0.80
Forfeiture rate	nil

The Company incurred \$218,881 in costs related to the unit issuances noted above. The Company also issued 175,820 shares as commission related to the issuances. The total costs of the issuance have been allocated to warrants and share capital based on a relative fair value basis.

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

## 7. Loss per share

	For the six months ended July 31, 2018	For the six months ended July 31, 2017
Numerator		
Net loss for the period	\$ (1,067,970)	\$ (447,666)
Denominator		
Weighted average shares - basic	18,080,401	11,538,084
Stock options	-	-
Denominator for diluted loss per share	18,080,401	11,538,084
Loss per share - basic and diluted	\$ (0.06)	\$ (0.04)

## 8. Share-based payments

During the six months ended July 31, 2018, the Company issued 291,447 stock options, each option entitling the holder to purchase one Class B common share of the Company. During the six months ended July 31, 2017, 806,000 of options were issued.

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

	Number of Options	Weighted Avg Exercise Price (CDN\$)
Balance at January 31, 2016	612,500	0.01
Options issued	820,140	0.09
Balance at January 31, 2017	1,432,640	0.06
Options issued	806,000	0.11
Balance at July 31, 2017	2,238,640	0.08
Options issued	1,297,553	0.06
Options exercised	(100,000)	0.01
Balance at January 31, 2018	3,436,193	0.07
Options issued	291,447	0.40
Options exercised	(735,189)	0.01
<b>Balance at July 31, 2018</b>	<b>2,992,451</b>	<b>0.15</b>

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

## 8. Share-based payments (continued)

As at July 31, 2018, details of the issued and outstanding stock options are as follows:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested as at April 30, 2018	Number of Options Unvested
1-Jan-2025	\$0.01	6.9	50,000	50,000	-
31-Mar-2025	\$0.01	7.2	150,000	150,000	-
1-Apr-2025	\$0.01	7.2	112,500	112,500	-
1-Jul-2025	\$0.01	7.4	112,500	112,500	-
1-Oct-2025	\$0.01	7.7	112,500	112,500	-
1-Jan-2026	\$0.01	7.9	75,000	75,000	-
26-Apr-2026	\$0.01	8.2	125,000	125,000	-
14-Jul-2026	\$0.01	8.5	3,500	3,500	-
1-Aug-2026	\$0.53	8.5	100,000	100,000	-
1-Aug-2026	\$0.53	8.5	135,000	67,500	67,500
1-Nov-2026	\$0.53	8.8	95,000	95,000	-
31-Jan-2027	\$0.01	9.0	361,640	361,640	-
1-Feb-2027	\$0.01	9.0	325,000	-	325,000
1-Feb-2027	\$0.53	9.0	26,000	26,000	-
3-Jul-2027	\$0.53	9.4	130,000	-	130,000
1-Aug-2027	\$0.53	9.5	95,000	95,000	-
1-Aug-2027	\$0.01	9.5	100,000	100,000	-
18-Sep-2027	\$0.53	9.6	25,000	25,000	-
22-Nov-2027	\$0.01	9.8	190,000	190,000	-
31-Jan-2028	\$0.01	10.0	377,364	377,364	-
28-Feb-2018	\$0.01	10.0	31,447	31,447	-
1-Apr-2028	\$0.40	10.0	175,000	100,000	75,000
4-May-2028	\$0.40	10.0	10,000	10,000	-
7-May-2028	\$0.40	10.0	75,000	-	75,000
	<b>\$0.15</b>	<b>0.0</b>	<b>2,992,451</b>	<b>2,309,951</b>	<b>672,500</b>

Note: All options are exercisable into Class B common shares.

The fair value of options granted during the six months ended July 31, 2018 and the six months ended July 31, 2017 was estimated using the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

## 8. Share-based payments (continued)

	Six months ended July 31, 2018	Six months ended July 31, 2017	The
Volatility	83%	83%	
Risk-free interest rate	1.22%	1.22%	
Expected life	5 years	5 years	
Dividend yield	0%	0%	
Common share price	CDN \$0.40	CDN \$0.53	
Strike price	CDN \$0.01 - \$0.40	CDN \$0.01 - \$0.53	
Forfeiture rate	nil	nil	

Company recorded \$92,884 of stock-based compensation for the six months ended July 31, 2018 and \$144,889 for the six months ended July 31, 2017.

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. The Company has estimated its stock option forfeitures to be Nil for the six months ended July 31, 2018 and the six months ended July 31, 2017.

## 9. Commitments and Contingencies

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

2018	55,017
2019	110,034
2020 and thereafter	165,052
<b>Total</b>	<b>\$330,103</b>

Pursuant to the terms of the Offering described in note 6, the Company is obligated to pay a liquidity incentive of 1% per month of the gross proceeds of the Offering, in cash, to investors in the event the shares the investors subscribed to are not listed and freely tradeable on a recognized North American stock exchange within 90 days of the closing of the Offering (the "IPO Deadline"), subject to a maximum liquidity incentive of 12%. The IPO Deadline for the first tranche of the Offering was May 14, 2018 and the IPO Deadline for the second tranche of the Offering was August 8, 2018. The Company has made a provision of \$146,541 to recognize the liquidity incentive based on the Company's best estimate of the listing date, which is October 31, 2018. Management is actively negotiating the amount, timing and nature of consideration of the liquidity incentive with investors.

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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## 10. Capital risk management

The capital of the Company includes equity, which is comprised of issued common share capital, share based payment reserve, and deficit. 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.

## 11. 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 six months ended July 31, 2018 and the six months ended July 31, 2017, the Company incurred the following related party transactions:

On February 15, 2016 the Company 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 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 Company 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 Company 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 ten days prior notice by the Company and three months prior notice by HCC.



# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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 six months ended July 31, 2018, the Company recorded \$1,548 of amortization of debt discount (July 31, 2017 - \$9,080)

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 six months ended July 31, 2018	For the six months ended July 31, 2017
Salaries and benefits, including bonuses	134,900	82,000
Share-based compensation	70,544	194,046
<b>Total</b>	<b>\$205,444</b>	<b>\$276,046</b>

## 12. Fair value measurement

The following table provides the fair value measurement hierarchy of the company's assets and liabilities valued as at July 31, 2018:

Assets measured at fair value:	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash	983,807	983,807	-	-

# Braingrid Corporation

Notes to the condensed unaudited interim consolidated financial statements  
For the six months ended July 31, 2018 and 2017  
(Expressed in Canadian dollars)

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The following table provides the fair value measurement hierarchy of the company's assets and liabilities valued as at January 31, 2018:

<i>Assets measured at fair value:</i>	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash	35,965	35,965	-	-

There were no transfers between level 1 and 2 during the three-months ended February 28, 2018 and during the year ended January 31, 2018.

## 13. Subsequent events

On October 11, October 22, and October 26, 2018 Braingrid completed a non-brokered private placement of an aggregate of 1,801,900 units ("Braingrid Summer 2018 Units") at a price of \$0.80 per Braingrid Summer 2018 Unit. Each such unit is comprised of one Braingrid Share and one Braingrid Share purchase warrant ("Braingrid Summer 2018 Warrant") with each warrant exercisable at a price of \$1.00 into one Braingrid Share for a period of 24 months from the closing of the offering. In connection with the offering of Braingrid Summer 2018 Units, Braingrid paid the following compensation; a cash commission of \$35,400, 119,625 Braingrid Class C Shares and 54,625 finder's warrants ("Braingrid Summer 2018 Finder Warrants") with each such finder's warrant being exercisable into one Braingrid Class C Share at a price of \$1.00 for a period of 24 months from the closing of the offering. \$650,000 of the \$1,441,520 of gross proceeds was paid for through the issuance of 1,000,000 common shares of MGX Minerals Inc. at a deemed price of \$0.65 per share (the "MGX Shares"). The MGX shares received by Braingrid are subject to a four-month hold. Braingrid's intention regarding the MGX Shares subsequent to the expiration of the four-month hold is to dispose of them in the market on an if and when needed basis.

## **SCHEDULE "C" – ISSUER MD&A**

**MATCH CAPITAL RESOURCES CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED**  
**OCTOBER 31, 2017**

Prepared by:

**MATCH CAPITAL RESOURCES CORPORATION**

**82 Richmond Street East, Suite 200**  
**Toronto, Ontario, M5C 1P1**

**MATCH CAPITAL RESOURCES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED**  
**OCTOBER 31, 2017**

This management discussion and analysis ("MD&A"), dated February 27, 2018 provides a review of the financial position and the results of operations of Match Capital Resources Corporation. (the "Company", "Match" or the "Corporation") as at October 31, 2017 and for the year then ended. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the year ended October 31, 2017. This MD&A should be read in conjunction with the audited financial statements of the Company for the years ended October 31, 2017 and 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented are stated in Canadian dollars, unless otherwise indicated.

The following MD&A of the financial condition and results of the operations of Match constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended October 31, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Match's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Company Business**

Match is a publicly held company that was in the business of mining exploration and development. The Company had a joint venture interest with Western Troy Capital Resources Inc. with respect to certain mineral claims located near Indian Lake in Northern Quebec. However, the Company has notified Western Troy during the fiscal year 2014 that it is not interested in retaining any interest in the Indian Lake properties and that it does not wish to participate further in the joint venture. The Company is searching for suitable assets or businesses to acquire or with which to merge with a view to maximizing value for shareholders. The Company has historically invested surplus cash in marketable securities.

The Company is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the NEX board of the TSX Venture Exchange.

**Shaw Lens Inc. and Shaw Vision Inc.**

On October 16, 2016 the Company entered into a letter of intent with Shaw Lens Inc. and Shaw Vision Inc., private affiliated binocular vision technology companies (Shaw Lens and Shaw Vision are hereinafter collectively referred to as "**Shaw**"), to acquire all the issued and outstanding securities of Shaw. On December 19, 2017 the Company announced that the letter of intent was terminated.

## **Gulf International Minerals & Energy Group Ltd.**

On January 2, 2018, the Company entered into a binding letter of Intent ("LOI - G") with Gulf International Minerals & Energy Group Ltd. ("GIMEG Canada"), a private elder care facilities company that is developing its first five star retirement home resort brand called GULFCARE, to acquire all the issued and outstanding securities of GIMEG Canada, resulting in a reverse take-over of Match by GIMEG Canada's shareholders (the "G-Transaction").

The G-Transaction is subject to TSXV approval and applicable shareholder and regulatory approvals. It is intended that the G-Transaction will be completed by way of an acquisition of GIMEG Canada, by Match on closing, provided however that, by mutual agreement, the parties may revise the structure of the acquisition to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The G-Transaction is intended to result in a reverse take-over of Match by GIMEG Canada's shareholders. In connection with the G-Transaction, Match intends to apply for listing of its common shares on the Toronto Stock Exchange.

Subject to the satisfaction of the conditions to closing on or prior to the closing of the G-Transaction (the "Closing Date"), Match will acquire GIMEG Canada and Match will issue post-consolidated common shares of Match to the shareholders of GIMEG Canada, in consideration of the transfer of their GIMEG Canada common shares to Match, on the basis that each common share held by shareholders of GIMEG Canada will be exchanged for shares of Match resulting in GIMEG Canada becoming a wholly-owned subsidiary of Match. Upon the closing of the G-Transaction, Match will be renamed "Gulfcare International Group (GIG)" or such other name as the parties agree to.

Match and GIMEG Canada have agreed to use all commercially reasonable efforts to close the G-Transaction prior to May 31, 2018. The LOI-G will terminate in the event the parties fail to enter into a definitive acquisition agreement on or prior to February 28, 2018, unless a later day is otherwise mutually agreed to by the parties.

## **Cautionary Note Regarding Forward-Looking Information**

Certain statements in this MD&A may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as "may", "will", "should", "could", "anticipate", "expect", "believe", "intend", "plan", "potential", "continue" and other similar terminology. These statements reflect management's current expectations regarding future plans, intentions, events, growth, operating performance and business prospects and opportunities and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties. See "Risk Factors". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of them or the extent to which any factor or combination of factors may cause its actual results, performance or achievements to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required by law.

## **Overall Performance**

There were no notable events that occurred during the reporting period.

At October 31, 2017, the Company had assets of \$18,113 and shareholders' deficiency of \$310,804. This compares with assets of \$2,086 and shareholders' deficiency of \$249,707 at October 31, 2016. At

October 31, 2017, the Company had \$328,917 of current liabilities compared with \$251,793 of current liabilities at October 31, 2016.

At October 31, 2017, the Company had a working capital deficiency of \$310,804, compared to a working capital deficiency of \$249,707 at October 31, 2016. The Company had cash of \$16,755 at October 31, 2017 compared to \$530 at October 31, 2016. The decrease in cash was attributable to payment of current liabilities.

The Company believes that additional financing will be required to fund its operating expenses as it searches for suitable assets or businesses to merge with or acquire. See "Liquidity and Financial Position".

### **Trends**

The Company plans to continue to search for suitable assets or businesses to acquire or with which to merge with a view to maximizing value for shareholders. Management regularly monitors economic conditions, estimates their impact on the Company's operations and incorporates these estimates into both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

In addition to the risks outlined in this MD&A, Match has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Match are considered risk assets and are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Match to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

### **Results of operations**

#### **Three months ended October 31, 2017, compared with the three months ended October 31, 2016**

The Company's loss for the three months ended, totalled \$12,059 with basic and diluted loss \$0.00 per share compared to a loss of \$34,640 for the three months ended October 31, 2016, with basic and diluted loss per share of \$0.00. The decrease of \$22,581 in loss was due to decreased legal fees.

Operating expenses were \$12,059 for the three months ending October 31, 2017 compared to \$25,972 for the prior year period.

### **Summary of Quarterly Results**

A summary of selected information for each of the eight most recent quarters is as follows:

<b>Three Months Ended <sup>(1)</sup></b>	<b>Basis Of Preparation</b>	<b>(Loss) / Profit</b>	<b>Basic and diluted (loss) /profit per share <sup>(9)</sup></b>
October 31, 2017	IFRS	(\$12,059) <sup>(1)</sup>	(\$0.00)
July 31, 2017	IFRS	(\$12,108) <sup>(2)</sup>	(\$0.00)
April 30, 2017	IFRS	(\$26,274) <sup>(3)</sup>	(\$0.00)
January 31, 2017	IFRS	(\$10,656) <sup>(4)</sup>	(\$0.00)

Three Months Ended <sup>(*)</sup>	Basis Of Preparation	(Loss) / Profit	Basic and diluted (loss) /profit per share <sup>(9)</sup>
October 31, 2016	IFRS	(\$34,640) <sup>(5)</sup>	(\$0.00)
July 31, 2016	IFRS	(\$11,787) <sup>(6)</sup>	(\$0.00)
April 30, 2016	IFRS	(\$8,447) <sup>(7)</sup>	(\$0.00)
January 31, 2016	IFRS	(\$9,346) <sup>(8)</sup>	(\$0.00)

<sup>(\*)</sup> Match did not have any (loss) income before discontinued operations or extraordinary items for the periods presented.

Notes:

- <sup>(1)</sup> Net loss of \$12,059 represents general and administrative expenses of \$12,059.
- <sup>(2)</sup> Net loss of \$12,108 represents general and administrative expenses of \$12,108.
- <sup>(3)</sup> Net loss of \$26,274 represents general and administrative expenses of \$26,274.
- <sup>(4)</sup> Net loss of \$10,565 represents general and administrative expenses of \$10,656.
- <sup>(5)</sup> Net loss of \$34,640 represents general and administrative expenses of \$25,972 and the loss of \$8,668 in the disposal of marketable securities
- <sup>(6)</sup> Net loss of \$11,787 represents general and administrative expenses of \$11,706 and unrealized loss on short term investment of \$81.
- <sup>(7)</sup> Net loss of \$8,447 represents general and administrative expenses of \$8,447.
- <sup>(8)</sup> Net loss of \$9,346 represents general and administrative expenses of \$9,346.

The Company's results have fluctuated from period to period due to the timing of administrative expenses.

### Liquidity and capital resources

At October 31, 2017, the Company had cash of \$16,755 compared to \$530 at October 31, 2016.

At October 31, 2017, the Company had a working capital deficiency of \$310,804 compared to a working capital deficiency of \$249,707, at October 31, 2016.

The activities of the Company have historically been financed through the completion of equity offerings.

Accounts payable and accrued liabilities were \$328,917 at October 31, 2017 compared to \$251,793 at October 31, 2016, an increase of \$77,124. The Company's current assets as at October 31, 2017, are insufficient to cover these liabilities.

The Company does not have any credit facilities with any financial institutions. It must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing operating activities.

As of February 27, 2018, the date of this MD&A, the cash resources of Match are held with select Canadian financial institutions.

As at October 31, 2017, the Company had a total loan balance of \$207,556 due to a shareholder and this loan bears annual interest at 10%. This loan is due on demand.

Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.



Operating expenses are estimated to average approximately \$15,300 per quarter for fiscal 2018. This amount covers legal and audit fees, filing and listing expenses, accounting and corporate services, administrative and consulting fees.

Based on the rate of expenditure above, the Company will have to raise equity capital immediately in amounts sufficient to fund working capital requirements.

Management is uncertain if it can continue operations in fiscal 2018 with the Company's current capital resources. Match intends to investigate possible equity financing alternatives in order to continue with its operations. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of future business activities of the Company with the possible dilution or loss of such business activities. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly.

### **Off-Balance-Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Related party transactions**

No remuneration was paid or accrued to directors and key management personnel of the Company during the years ended October 31, 2017 and 2016.

During fiscal 2017, the Company incurred professional legal fees of \$12,408 (2016 - \$6,737) for legal services provided by a firm in which a director of the Company is a partner of the firm. As at October 31, 2017, a gross amount of \$11,536, including HST, is included in accounts payable and accrued liabilities (2016 - \$6,821).

On February 27, 2014, the company entered into a promissory note with a major shareholder for the principal sum of \$82,000 bearing interest of 10% per annum, calculated monthly and due on demand. During the year ended October 31, 2017 the Company obtained additional loan in amount of \$45,809 (2016 - \$34,423) from this shareholder and as at October 31, 2017 the total principal of the loan is \$207,556 (2016 - \$161,747). As at October 31, 2017, there was \$47,005 (2016 - \$28,891) of interest accrued on this promissory note which was included in accounts payable and accrued liabilities.

The Company incurred professional consulting fees for services provided by the Chief Executive Officer of the Company. As at October 31, 2017 an amount of \$40,850 (2016 - \$40,850) is included in accounts payable and accrued liabilities.

### **Proposed Transactions**

The Company evaluates various opportunities and transactions as they arise. Other than the proposed transaction with Gulf International Minerals & Energy Group Ltd. described on page 2 of this MD&A, there are no material transactions pending at the date of this MD&A.

### **Changes in Accounting Policies**

New accounting standards adopted by the Company during the year ended October 31, 2017 is disclosed in Note 3 of the audited annual financial statement for the year ended October 31, 2017, and they are as follows:

(i) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. At November 1, 2016, the Company adopted this pronouncement and there was no impact on the Company's financial statements as a result of this adoption.

(ii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At November 1, 2016, the Company adopted this pronouncement and there was no impact on the Company's financial statements as a result of this adoption.

### **Future Accounting Changes**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after November 1, 2015 or later periods. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018.

Various other accounting pronouncements (such as IFRS 15, IFRS 16, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

### **Significant Accounting Judgment and Estimates**

The preparation of the financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

### **(i) Critical accounting estimates**

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

### **(ii) Critical judgments in applying accounting policies**

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments' in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements as discussed in note 1 of the Company's audited annual financial statement for the year ended October 31, 2017.

## **Outlook**

For calendar 2018, the Company plans to complete the reverse takeover transaction Gulf International Minerals & Energy Group Ltd. aforementioned on page 2 of this MDA. If the transaction fails the Company will continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders, as well as completing an equity financing.

## **Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves, accumulated other comprehensive loss, and deficit, which at October 31, 2017 totalled a deficiency of \$310,804 (October 31, 2016 – a deficiency of \$249,707).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties and operation needs. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended October 31, 2017 from prior year.

## **Financial Risk Factors**

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risks) as explained below.

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee and the Board of Directors.

### ***Credit risk***

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments, sales tax receivable, and Quebec refundable tax credits and mining duties receivable. The Company's cash is held with a Canadian chartered bank, which management believes the risk of loss to be low.

The Company's sales tax receivable is due from government authorities in Canada and deposits held with service providers. This tax receivable is in good standing and has not past due as of October 31, 2017. Management believes that the credit risk concentration with respect to this financial instrument is low.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2017, the Company had cash of \$16,755 (2016 - \$530) to settle current liabilities of \$328,917 (2016 - \$251,793). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity market and loans from shareholders. Negative trend in the general equity market can adversely impact the Company ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity. The Company has also obtained funds from a loan arrangement with a shareholder which amounted to \$207,556 at October 31, 2017 (\$161,747 at October 31, 2016). This loan is repayable on demand with interest at the rate of 10% per annum, calculated monthly.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

### ***Market risk***

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

Interest rate risk: Other than the shareholder loan of \$207,556 that bears an annual interest of 10%, the Company does not have any other debt that is interest bearing.

Foreign currency risk: The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Commodity price risk: Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

### ***Sensitivity analysis***

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- i. Cash is subject to floating interest rates. The Company is indebted to a shareholder of the Company in the amount of \$207,556 at October 31, 2017. This loan is due on demand bears interest at the rate of 10% per annum, calculated monthly. A hypothetical increase/decrease of 10% in this interest rate will result in an increase/decrease in net loss and equity of \$2,076 for the year ended October 31, 2017.
- ii. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### ***Fair Value Hierarchy***

Marketable securities and cash are considered as Level 1 within the fair value hierarchy.

### **Outstanding Share Data**

At the date of this MD&A, the issued and outstanding Common Shares totalled 8,615,445.

### **Risk Factors**

Management is uncertain if it can continue operations in fiscal 2018 with the Company's current capital resources if it fails to complete the reverse takeover transaction with Gulf International Minerals & Energy Group Ltd. Match intends to investigate possible equity financing alternatives in order to continue with its operations. As a result, the Company's viability and potential success lie in its ability to develop, exploit and generate revenue out of a future asset or business acquisition. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and there is no assurance that additional funding will be available to it. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of future business activities of the Company with the possible dilution or loss of such business activities.

**MATCH CAPITAL RESOURCES CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED**  
**JULY 31, 2018**

Prepared by:

**MATCH CAPITAL RESOURCES CORPORATION**

**82 Richmond Street East, Suite 200**  
**Toronto, Ontario, M5C 1P1**

**MATCH CAPITAL RESOURCES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**JULY 31, 2018**

This management discussion and analysis ("MD&A"), dated September 28, 2018 provides a review of the financial position and the results of operations of Match Capital Resources Corporation. (the "Company", "Match" or the "Corporation") for the three and nine months ending July 31, 2018. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three months ended July 31, 2018. This MD&A should be read in conjunction with the audited financial statements of the Company for the years ended October 31, 2017 and 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented are stated in Canadian dollars, unless otherwise indicated.

The following MD&A of the financial condition and results of the operations of Match constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended July 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited financial statements of the Company for the three and nine months ended July 31, 2018 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Match's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Company business**

Match is a publicly held company that was in the business of mining exploration and development. The Company had a joint venture interest with Western Troy Capital Resources Inc. with respect to certain mineral claims located near Indian Lake in Northern Quebec. However, the Company has notified Western Troy during the fiscal year 2014 that it is not interested in retaining any interest in the Indian Lake properties and that it does not wish to participate further in the joint venture. The Company is searching for suitable assets or businesses to acquire or with which to merge with a view to maximizing value for shareholders. The Company has historically invested surplus cash in marketable securities.

The Company is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the NEX board of the TSX Venture Exchange.

### **Shaw Lens Inc. and Shaw Vision Inc.**

On October 16, 2016 the Company entered into a letter of intent with Shaw Lens Inc. and Shaw Vision Inc., private affiliated binocular vision technology companies (Shaw Lens and Shaw Vision are hereinafter collectively referred to as "Shaw"), to acquire all the issued and outstanding securities of Shaw. The Transaction is subject to TSX Venture Exchange ("TSXV") approval and applicable shareholder and regulatory approvals. It is intended that the Transaction will be completed by way of an amalgamation of - 4- Shaw, Match and a wholly-owned subsidiary of Match ("Match Subco") to form a new company

("Amalco"), provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The Transaction was intended to result in a reverse takeover of Match by Shaw's shareholders.

On December 19, 2017, the Company announced that the LOI with Shaw Lens was terminated

#### **Letter of Intent - Gulf International Minerals & Energy Group Ltd. On**

January 2, 2018, the Company entered into a binding letter of Intent ("LOI-G") with Gulf International Minerals & Energy Group Ltd. ("GIMEG Canada"), a private elder care facilities company that is developing its first five star retirement home resort brand called GULFCARE, to acquire all the issued and outstanding securities of GIMEG Canada, resulting in a reverse take-over of Match by GIMEG Canada's shareholders (the "G-Transaction").

The G-Transaction was subject to TSXV approval and applicable shareholder and regulatory approvals. It was intended that the G-Transaction will be completed by way of an acquisition of GIMEG Canada, by Match on closing, provided however that, by mutual agreement, the parties may revise the structure of the acquisition to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness. The G-Transaction was intended to result in a reverse take-over of Match by GIMEG Canada's shareholders.

On April 17, 2018, the Company announced that the LOI-G with GIMEG Canada was terminated.

#### **Letter of Intent - Braingrid Corporation**

On June 6, 2018, the Company entered into a Letter of Intent (the "LOI-B"), with Braingrid Corporation ("Braingrid"), a private precision agriculture company focused on the cannabis sector, to acquire all the issued and outstanding securities of Braingrid (the "Transaction").

The Transaction is subject to TSXV approval and applicable shareholder and regulatory approvals as set forth in more detail below. It is intended that the Transaction will be completed by way of a three-cornered amalgamation of Braingrid, Match and a wholly-owned subsidiary of Match ("Match Subco") to form a new company ("Amalco"), provided however that, by mutual agreement, the parties may revise the structure to comply with all necessary legal and regulatory requirements, to minimize or eliminate any adverse tax consequences or to increase cost effectiveness.

The Transaction is intended to result in a reverse take-over of Match by Braingrid's shareholders. Subject to the satisfaction of the conditions to closing, on or prior to the closing of the Transaction (the "Closing Date"), Match Subco will amalgamate with Braingrid to form Amalco and Match will issue 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 will be exchanged for 2 post-consolidation common shares of Match resulting in Amalco becoming a wholly-owned subsidiary of Match. The Transaction will be an arm's length transaction for Match. Upon the closing of the Transaction, Match will be renamed Braingrid Limited or such other name as the parties agree to.

Match and Braingrid have agreed to use all commercially reasonable efforts to close the Transaction prior to October 31, 2018. The LOI-B will terminate in the event the parties fail to enter into a definitive amalgamation agreement on or prior to October 31, 2018, unless a later date is otherwise mutually agreed to by the parties.

#### **Cautionary Note Regarding Forward-Looking Information**

Certain statements in this MD&A may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or



achievements of the Company or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as “may”, “will”, “should”, “could”, “anticipate”, “expect”, “believe”, “intend”, “plan”, “potential”, “continue” and other similar terminology. These statements reflect management’s current expectations regarding future plans, intentions, events, growth, operating performance and business prospects and opportunities and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties. See “Risk Factors”. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of them or the extent to which any factor or combination of factors may cause its actual results, performance or achievements to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required by law.

### **Overall Performance**

There were no notable events that occurred during the reporting period.

At July 31, 2018, the Company had assets of \$10,869 and shareholders’ equity of (\$353,883). This compares with assets of \$18,113 and shareholders’ equity of (\$310,804) at October 31, 2017. At July 31, 2018, the Company had \$364,752 of current liabilities compared with \$328,917 of current liabilities at October 31, 2017.

At July 31, 2018, the Company had a working capital deficiency of \$353,883, compared to a working capital deficiency of \$310,804 at October 31, 2017. The Company had cash of \$7,163 at July 31, 2018 compared to \$16,755 at October 31, 2017.

The Company believes that additional financing will be required to fund its operating expenses as it searches for suitable assets or businesses to merge with or acquire. See “Liquidity and Financial Position”.

### **Trends**

The Company plans to continue to search for suitable assets or businesses to acquire or with which to merge with a view to maximizing value for shareholders. Management regularly monitors economic conditions, estimates their impact on the Company’s operations and incorporates these estimates into both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading “Risk Factors”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

In addition to the risks outlined in this MD&A, Match has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Match are considered risk assets and are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Match to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

### **Cautionary Note Regarding Forward-Looking Information**

Certain statements in this MD&A may constitute “forward-looking” statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or

achievements of the Company or the industry in which it operates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as “may”, “will”, “should”, “could”, “anticipate”, “expect”, “believe”, “intend”, “plan”, “potential”, “continue” and other similar terminology. These statements reflect management’s current expectations regarding future plans, intentions, events, growth, operating performance and business prospects and opportunities and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties. See “Risk Factors”. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of them or the extent to which any factor or combination of factors may cause its actual results, performance or achievements to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required by law.

## Results of operations

### Three months ended July 31, 2018, compared with the three months ended July 31, 2017

The Company’s loss for the three months ended July 31, 2018, totalled \$12,553, with basic and diluted loss per share of \$0.00. This compares with a loss of \$12,108 for the three months ended July 31, 2017, with basic and diluted loss per share of \$0.00.

Operating expenses were \$12,553 for the three months ending July 31, 2018 compared to \$12,108 for the prior year period.

## Summary of Quarterly Results

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended <sup>(*)</sup>	Basis Of Preparation	(Loss) / Profit	Basic and diluted (loss) /profit per share <sup>(9)</sup>
July 31, 2018	IFRS	(\$12,553) <sup>(1)</sup>	(\$0.00)
April 30, 2018	IFRS	(\$16,189) <sup>(3)</sup>	(\$0.00)
January 31, 2018	IFRS	(\$14,337) <sup>(3)</sup>	(\$0.00)
October 31, 2017	IFRS	(\$12,059) <sup>(3)</sup>	(\$0.00)
July 31, 2017	IFRS	(\$12,108) <sup>(5)</sup>	(\$0.00)
April 30, 2017	IFRS	(\$26,274) <sup>(6)</sup>	(\$0.00)
January 31, 2017	IFRS	(\$10,656) <sup>(7)</sup>	(\$0.00)
October 31, 2016	IFRS	(\$34,640) <sup>(8)</sup>	(\$0.00)

<sup>(\*)</sup> Match did not have any (loss) income before discontinued operations or extraordinary items for the periods presented.

Notes:

- (1) Net loss of \$16,189 represents general and administrative expenses of \$12,553.
- (2) Net loss of \$16,189 represents general and administrative expenses of \$16,189.
- (3) Net loss of \$14,337 represents general and administrative expenses of \$14,337.
- (4) Net loss of \$12,059 represents general and administrative expenses of \$12,059.
- (5) Net loss of \$12,108 represents general and administrative expenses of \$12,108.
- (6) Net loss of \$26,274 represents general and administrative expenses of \$26,274.
- (7) Net loss of \$10,565 represents general and administrative expenses of \$10,656.
- (8) Net loss of \$34,640 represents general and administrative expenses of \$25,972 and the loss of \$8,668 in the disposal of marketable securities

(\*) Match did not have any (loss) income before discontinued operations or extraordinary items for the periods presented.

Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

The Company's results have fluctuated from period to period due to the timing of exploration expenditures in each period. In addition, administrative expenses have fluctuated from period to period depending on higher or lower support costs for the Company's exploration program in Quebec (Canada).

### **Liquidity and capital resources**

At July 31, 2018, the Company had cash of \$7,163, compared to \$16,755 at October 31, 2017. At July 31, 2018, the Company had a working capital deficiency of \$353,883, compared to a working capital of \$310,804 at October 31, 2017.

The activities of the Company, which historically consisted of oil and gas production, and exploration and evaluation of mining properties, were financed through the completion of equity offerings.

Accounts payable and accrued liabilities were \$364,752 at July 31, 2018 compared to \$328,917 at October 31, 2017. The Company's current assets as at July 31 2018, are insufficient to cover these liabilities.

The Company does not have any credit facilities with any financial institutions. It must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing operating activities.

As of September 28, 2018, the date of this MD&A, the cash resources of Match are held with select Canadian financial institutions. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.

Operating expenses are estimated to average approximately \$10,000 per quarter for fiscal 2018. This amount covers legal and audit fees, filing and listing expenses, accounting and corporate services, administrative and consulting fees.

Based on the rate of expenditure above, the Company will have to raise equity capital immediately in amounts sufficient to fund working capital requirements. Any further exploration programs on the Indian Lake project are subject to the Company raising capital. It is anticipated that payments on select amounts payable will be deferred until an equity financing is completed. The Company's cash at July 31, 2018 is insufficient to fund its operating expenses, subject to the deferral of select amounts payable. However, at the date hereof, the Company's cash balance has diminished as a result of normal business operations and management is attempting to defer payments to the extent practical.

Management is uncertain if it can continue operations in fiscal 2018 with the Company's current capital resources. Match intends to investigate possible equity financing alternatives in order to continue with its

operations. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of future business activities of the Company with the possible dilution or loss of such business activities. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly

### **Off-Balance-Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Related party transactions**

On February 27, 2014, the Company entered into a promissory note with a major shareholder for the principal sum of \$82,000 bearing interest of 10% per annum, calculated monthly and due on demand. During the years ended October 31, 2015, 2016 and 2017, the Company obtained additional loans in the amount of \$125,556 from this shareholder. During the nine months ended July 31, 2018, the Company obtained additional loans in the amount of \$13,071 from this shareholder and as at July 31, 2018, the total principal of the loan is \$220,627 (October 31, 2017 - \$207,556). As at July 31, 2018, there was \$63,048 (October 31, 2017 - \$47,004) of interest accrued on this promissory note which was included in accounts payable and accrued liabilities.

During the three and nine months ended July 31, 2018, the Company incurred professional legal fees of \$17 and \$45, respectively (three and nine months ended July 31, 2017 - \$nil and \$12,408, respectively) for legal services provided by a firm in which a director of the Company is a partner of the firm. As at July 31, 2018, \$13,087, including HST, is included in accounts payable and accrued liabilities (October 31, 2017 - \$11,536) to a law firm in which a director of the Company is a partner.

As at July 31, 2018, \$40,850 of professional consulting fees for services provided by the Chief Executive Officer of the Company was included in accounts payable and accrued liabilities (October 31, 2017 - \$40,850).

### **Proposed Transactions**

The Company evaluates various opportunities and transactions as they arise. There are no material transactions pending at the date of this MD&A.

### **Changes in Accounting Policies**

- i) IAS 32 – Financial Instruments: Presentations (“IAS 32”) clarifies some of the requirements for offsetting financial assets and financial liabilities on the consolidated statement of financial position. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014. At November 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.
- ii) IFRIC 21 - 'Levies' (“IFRIC 21”) is effective for the Company beginning on January 1, 2014. The interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as addressing what the obligating event is that gives rise to pay a levy and when should a liability be recognized. At November 1, 2014, the Company adopted IFRIC 21 and there was no material impact on the Company's financial statements.
- iii) IFRS 2 - Share-based Payment (“IFRS 2”). The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition”

and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after November 1, 2014. The Company adopted the amendments and there was no material impact on the Company's financial statements.

- iv) IAS 24 - Related Party Disclosures (“IAS 24”). The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. At November 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.
- v) IAS 36 - Impairment of Assets (“IAS 36”) was amended to address the disclosure required for the recoverable amount of impaired assets or cash generating unit for periods in which an impairment loss has been recognized or reversed. At November 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

### **Future Accounting Changes**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after November 1, 2015 or later periods. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires an expected loss impairment method to be used, replacing the incurred loss model.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are to be recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015.

- ii) IFRS 11 - Joint Arrangements (“IFRS 11”) was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that

constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

- iii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

Various other accounting pronouncements (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards.

### **Significant Accounting Judgment and Estimates**

The preparation of the financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

#### **(i) Critical accounting estimates**

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

#### **(ii) Critical judgments in applying accounting policies**

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments’ in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Going concern – The assessment of the Company’s ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements as discussed in note 1 of the Company’s audited annual financial statement for the year ended October 31, 2017.

### **Outlook**

For calendar 2018, the Company plans to complete the reverse takeover transaction of Braingrid Corporation aforementioned on page 2 of this MDA. If the transaction fails the Company will continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders, as well as completing an equity financing.

### **Capital Management**

The Company manages its capital with the following objectives:

to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares,



adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves, accumulated other comprehensive loss, and deficit, which at July 31, 2018 totalled a deficiency of \$353,883 (October 31, 2017 - a deficiency of \$310,804).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties and operation needs. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended July 31, 2018 and the year ended October 31, 2017 from prior year.

### **Financial Risk Factors**

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risks) as explained below.

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee and the Board of Directors.

#### ***Credit risk***

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments, sales tax receivable, and Quebec refundable tax credits and mining duties receivable. The Company's cash is held with a Canadian chartered bank, which management believes the risk of loss to be low.

The Company's sales tax receivable is due from government authorities in Canada and deposits held with service providers. This tax receivable is in good standing and has not past due as of July 31, 2016. Management believes that the credit risk concentration with respect to this financial instrument is low.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at July 31, 2018, the Company had cash of \$10,869 (October 31, 2017 - \$18,113) to settle current liabilities of \$364,752 (October 31, 2017 - \$328,917). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity market and loans from shareholders. Negative trend in the general equity market can adversely impact the Company ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity. The Company has also obtained funds from a loan arrangement with a shareholder which amounted to \$220,627 at July 31, 2018. This loan is repayable on demand with interest at the rate of 10% per annum, calculated monthly.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

### ***Market risk***

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

Interest rate risk: Other than the shareholder loan of \$140, 507 that bears an annual interest of 10%, the Company does not have any other debt that is interest bearing.

Foreign currency risk: The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Commodity price risk: Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

### ***Sensitivity analysis***

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- i. Cash is subject to floating interest rates. The Company is indebted to a shareholder of the Company in the amount of \$220,627 at July 31, 2018 (\$207,556 at October 31, 2017). This loan is due on demand bears interest at the rate of 10% per annum, calculated monthly. A hypothetical increase/decrease of 10% in this interest rate will result in an increase/decrease in net loss and equity of \$2,210 for the year ended July 31, 2018.
- ii. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### ***Fair Value Hierarchy***

Marketable securities and cash are considered as Level 1 within the fair value hierarchy.

### ***Outstanding Share Data***

At the date of this MD&A, the issued and outstanding Common Shares totalled 8,615,445.

### ***Risk Factors***

Management is uncertain if it can continue operations in fiscal 2016 with the Company's current capital resources. Match intends to investigate possible equity financing alternatives in order to continue with its operations. As a result, the Company's viability and potential success lie in its ability to develop, exploit and generate revenue out of a future asset or business acquisition. Revenues, profitability and cash flow from any future asset or business acquisition involving the Company is difficult to predict and will be influenced by factors unknown to management at the present time. The Company has limited financial resources and there is no assurance that additional funding will be available to it. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of future business activities of the Company with the possible dilution or loss of such business activities.



**SCHEDULE "D" – BRAINGRID MD&A**

## **Introduction**

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operation of Braingrid Corporation (the "Company" or "Braingrid") should be read in conjunction with Braingrid's audited consolidated financial statements and notes thereto as at and for the years ended January 31, 2018 and 2017.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Results are reported in Canadian dollars, unless otherwise noted.

Information contained herein is presented as of August 1, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Caution Note Regarding Forward-Looking Statements**

Certain statements contained in this MD&A and in certain documents incorporated by reference in this MD&A, contain "forward-looking information" for the purposes of applicable Canadian securities laws (the "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements, including those risk factors identified below in the section "Risk Factors. The forward-looking statements in this MD&A speak only as of the date of this MD&A unless an alternative date is specified in such statement. Certain forward-looking statements contained in this MD&A relate to the Company's ability to continue its business activities and to execute on its business plan as currently anticipated. These forward look-statements as well as the other forward-looking statements contained herein, are based upon certain material assumptions, including the Company's expectation that its costs will

remain consistent with the costs currently anticipated and that financing through equity raises, debt financing or a combination thereof will continue to be available to the Company and on terms anticipated and reasonably acceptable to the Company. The risk factors identified in the "Risk Factors" section below may cause such assumptions and/or the forward-looking statements to be untrue.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please see the "Risk Factors" section included in this MD&A. Readers are cautioned that actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

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, to licensed cannabis producers, to increase revenues, reduce costs and reduce risks.

The Company's head office address is 150 Bridgeland Ave #100, North York, ON M6A 1Z5.

### **Operations**

Braingrid has commercialized a proprietary device called the "Sentroller" which in the case of cannabis, is installed in licensed medical cannabis facilities throughout North America. These Sentrollers connect to sensors, which measure environmental conditions such as temperature, humidity and CO2. This data is communicated wirelessly within the facility to Braingrid's proprietary gateway, known as the Synapse, which in turn sends the data via cellular modem to Braingrid's internet-based servers. This data can then be accessed by customers via online dashboards and reports. In addition, the platform can send email alarms to the customer when out of bounds conditions are detected. The Sentroller is an extremely versatile device capable of interfacing with a wide variety of sensors.

Since the commercial launch of the Sentroller in precision agriculture in September 2016, the company has currently deployed 45 Sentrollers at 4 installations; UP Cannabis Inc./Ample Organics Inc. ("Ample"), Leaf Cannabis, Beleave Kannabis, Wexus Technologies Inc. and Natural Resources Canada ("NRCan").

## Corporate Highlights

### Strategic Partnership Agreement with Ample Organics Inc.

In May 2017, Braingrid signed an MOU with Ample Organics Inc. ("Ample"), a seed-to-sale software company servicing more than 70% of Canadian licensed cannabis producers. The substance of the MOU was to enter into a strategic partnership facilitating their customers' ability to generate harvest analytics by correlating Braingrid's environmental data with Ample's yield data. In November 2017, the parties entered into a formal Strategic Partnership Agreement specifying terms of sale to and by Ample, sales territory, exclusivity and co-development of an AI (artificial intelligence) analytics program.

### Wexus Technologies Inc. MOU

In November 2017, Braingrid signed an MOU with Wexus Technologies Inc. ("Wexus"). Wexus is a San Francisco-based company focused in energy & water efficiency for agriculture. The MOU lays the foundation for an agreement whereby Wexus would deploy Braingrid's Sentrollers to measure energy, equipment status and use as well as other critical parameters for their traditional farming and cannabis cultivation clients throughout California.

### Private placement of \$2,587,200

On February 14, 2018 the Company closed a 6,568,000 unit offering at a price of \$0.40 per unit for gross proceeds of \$2,587,200. 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 will be 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. The net proceeds from the non-brokered private placement are intended to be used for general working capital, repayment of debt and continued technology development.

### Strategic Alliance Agreement with R2G Global LLC

In May 2018, Braingrid signed a Strategic Alliance Agreement with R2G Global LLC ("R2G") and its Canadian affiliate, Rent2Grow Canada Inc. R2G offers a first-of-its-kind facility, platform and community for individuals to safely, legally and cost-effectively grow their own medicinal or recreational cannabis, away from their homes and residences. The Agreement lays the foundation for Braingrid to exclusively supply the monitoring and controls for R2G's grow pods in their facilities in Canada, United States and other locations around the world.

## Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the 2018 fiscal year, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a public merger or financing. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

## Selected Annual Financial Information

	Year ended January 31, 2018 (\$)	Year ended January 31, 2017 (\$)
Revenue	45,791	0
Net loss	(1,286,508)	(647,870)
Net loss per share – basic and diluted	(0.11)	(0.06)
	As at January 31, 2018 (\$)	As at January 31, 2017 (\$)
Total assets	424,682	531,397
Total long-term liabilities	0	0

## Discussion of Operations

### Year ended January 31, 2018 compared with the year ended January 31, 2017

The Company's net loss totaled \$1,286,508 for the year ended January 31, 2018, with basic and diluted loss per share of \$0.11. This compares with a net loss of \$647,870 with basic and diluted loss per share of \$0.06 for the year ended January 31, 2017. The increase in net loss of \$638,638 was principally because:

- Stock based compensation of \$964,792 in fiscal 2018 represented an increase of \$709,247 compared to \$255,545 of stock-based compensation in fiscal 2017.
- During the year ended January 31, 2018, the Company recorded gross profit of \$45,791 compared to \$0 for the year ended January 31, 2017. The increase in gross profit resulted from the recognition of revenue from contracts with NRCan and Ample.

- SRED Investment Tax Credits recovery increased by \$53,101 for the year ended January 31, 2018 compared to the year ended January 31, 2017, attributable to the Company's increased technology investment.
- Consulting expenses decreased by \$139,377 for the year ended January 31, 2018, compared to the year ended January 31, 2017. In fiscal 2017 the Company outsourced software development to a third-party consulting company, this work was discontinued in early fiscal 2018.
- Salary & wages increased \$121,670 for the year ended January 31, 2018 compared to the year ended January 31, 2017. The increase in payroll expense in fiscal 2018 is mainly due to increasing staff levels in technical development to replace the aforementioned third-party consultants.

### **Cash Flow**

At January 31, 2018, the Company had cash of \$35,965 compared to \$3,114 at January 31, 2017. The increase in cash and cash equivalents of \$32,851 from January 31, 2017 was mainly due to the cash inflow from an increase in loans payable of \$241,000, the collection of SRED investment tax credits of \$366,439, offset by the net loss for the fiscal year of \$406,904, a decrease in accounts payable of \$106,231 and a decrease in deferred revenue of \$94,000.

### **Liquidity and Financial Position**

The Company's total assets at January 31, 2018 were \$206,833 (January 31, 2017 - \$533,778) against total liabilities of \$644,872 (January 31, 2017 - \$611,518). The decrease in total assets of \$326,944 resulted primarily from the collection of the Investment tax credits recoverable of \$366,439. As at January 31, 2018 the Company has sufficient cash and accounts receivable to pay its existing accounts payable and accrued liabilities of \$38,112.

The activities of the Company have been financed by loans.

During fiscal 2018, the Company's corporate head office costs are estimated to average approximately \$45,000 per quarter. Head office costs include professional fees, consulting fees and general and administrative costs.

Subsequent to the end of fiscal 2018, the Company raises additional equity capital in amounts sufficient to continue to fund both development work and working capital requirements for fiscal 2019. The Company raised approximately \$2,587,200 from a private placement that closed on February 14, 2018 (see "Corporate Highlights").

See "Risk Factors" below and "Caution Note Regarding Forward-Looking Statements" above.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Braingrid.

**Proposed Transactions**

There were no proposed transactions as of the date of this MD&A with the exception of the proposed business combination with Match Capital Resources Corporation.

**Transactions with Related Parties**

For details please refer to note 15 of the audited financial statements.

**Principal Shareholders**

To the knowledge of the directors and senior officers of the Company, as at August 1, 2018, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than as set out below:

	<b>Number of common shares</b>	<b>Percentage of outstanding shares (approx.)</b>
Aeternum Trust (a family trust for Michael Kadonoff)	5,000,000	27.5%
Mika Holdings Trust (a family trust for Kenneth Kadonoff)	5,000,000	27.5%

The remaining 18% of the shares are held by employees, business relationships and family members.

**Outstanding Share Data**

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Braingrid as at January 31, 2018 are as follows:

<b>Securities</b>	<b>As at January 31, 2018</b>
Common shares outstanding	18,732,547
Issuable under options	3,427,640
Issuable under warrants	3,509,820

Total securities	26,114,616
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### Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. In addition to the risks identified therein, additional risks not presently known to the Company may arise from time to time and may cause a material adverse effect on the Company and any investment in the Company. Investors are cautioned not to rely upon any forward-looking statements in this MD&A as such statements are subject to known and unknown risks.

- (1) **No History of Profits** – Braingrid has not earned profits to date and there is no assurance that Braingrid will earn profits in the future, or that profitability, if achieved, will be sustained. The success of Braingrid ultimately depends upon its abilities to generate significant revenues to finance operations as opposed to external funding. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding. If Braingrid does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities;
- (2) **Future Capital Requirements** – Braingrid will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available, or if available, will not be available on favourable terms. There can be no assurances that Braingrid will be able to raise additional capital if its capital resources are exhausted;
- (3) **Management of Growth** – Braingrid may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. Any expansion of Braingrid's business may place a significant strain on its financial, operational and managerial resources. There can be no assurances that Braingrid will be able to manage growth successfully;
- (4) **Limited Operating History** – Braingrid began carrying on business in May 2, 2012 and is therefore subject to many of the risks common to early-stage enterprises;
- (5) **Reliance on Management** – The success of Braingrid is dependent upon the ability, expertise, judgment, discretion and good faith of their respective senior management;
- (6) **Internal Controls** - Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could



harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.

- (7) **Additional Financing** – In order to execute the anticipated growth strategies, Braingrid will likely require additional equity and/or debt financing beyond order to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions;
- (8) **Competition** – There is potential that Braingrid will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than Braingrid;
- (9) **Operating Risk and Insurance Coverage** – Braingrid has insurance to protect its assets, operations and employees. While Braingrid believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Braingrid is exposed;
- (10) **Dividends** – The Company has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future;
- (11) **Industry Risk** – The Company derives a significant portion of its current and prospective revenue from the cannabis sector, which is a relatively new industry, therefore our customers and potential customers are subject to significant risks typically associated with new industries in addition to risk associated with the cannabis sector including but not limited to regulatory, market and competition risks. It is noteworthy that cannabis is still illegal under federal laws of the United States.

## **Introduction**

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operation of Braingrid Corporation (the "Company" or "Braingrid") should be read in conjunction with Braingrid's unaudited consolidated financial statements and notes thereto as at and for the six months ended July 31, 2018 and 2017.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Results are reported in Canadian dollars, unless otherwise noted.

Information contained herein is presented as of October 26, 2018 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Caution Note Regarding Forward-Looking Statements**

Certain statements contained in this MD&A and in certain documents incorporated by reference in this MD&A, contain "forward-looking information" for the purposes of applicable Canadian securities laws (the "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements, including those risk factors identified below in the section "Risk Factors". The forward-looking statements in this MD&A speak only as of the date of this MD&A unless an alternative date is specified in such statement. Certain forward-looking statements contained in this MD&A relate to the Company's ability to continue its business activities and to execute on its business plan as currently anticipated. These forward look-statements as well as the other forward-looking statements contained herein, are based upon certain material assumptions, including the Company's expectation that its costs will remain consistent with the costs currently anticipated and that financing through equity raises, debt financing or a combination thereof will continue to be available to the Company and on terms anticipated and reasonably acceptable to the Company. The risk factors identified in the "Risk Factors" section below may cause such assumptions and/or the forward-looking statements to be untrue.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please see the "Risk Factors" section included in this MD&A. Readers are cautioned that actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

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, to licensed cannabis producers, to increase revenues, reduce costs and reduce risks.

The Company's head office address is 150 Bridgeland Ave #100, North York, ON M6A 1Z5.

## **Operations**

Braingrid has commercialized a proprietary device called the "Sentroller" which in the case of cannabis, is installed in licensed medical cannabis facilities throughout North America. These Sentrollers connect to sensors, which measure environmental conditions such as temperature, humidity and CO2. This data is communicated wirelessly within the facility to Braingrid's proprietary gateway, known as the Synapse, which in turn sends the data via cellular modem to Braingrid's internet-based servers. This data can then be accessed by customers via online dashboards and reports. In addition, the platform can send email alarms to the customer when out of bounds conditions are detected. The Sentroller is an extremely versatile device capable of interfacing with a wide variety of sensors.

Since the commercial launch of the Sentroller in precision agriculture in September 2016, the company has currently deployed 50 Sentrollers at 9 installations including UP Cannabis Inc./Ample Organics Inc. ("Ample"), Leaf Cannabis, Beleave Kannabis, Wexus Technologies Inc., WeedMD Rx Inc. and Natural Resources Canada ("NRCan").

## **Corporate Highlights**

### *Strategic Partnership Agreement with Ample Organics Inc.*

In May 2017, Braingrid signed an MOU with Ample Organics Inc. ("Ample"), a seed-to-sale software company servicing more than 70% of Canadian licensed cannabis producers. The substance of the MOU was to enter into a strategic partnership facilitating their customers' ability to generate harvest analytics by correlating Braingrid's environmental data with Ample's yield data. In November 2017, the parties entered into a formal Strategic Partnership Agreement specifying terms of sale to and by Ample, sales territory, exclusivity and co-development of an AI (artificial intelligence) analytics program.

### *Wexus Technologies Inc. MOU*

In December 2017, Braingrid signed an MOU with Wexus Technologies Inc. ("Wexus"). Wexus is a San Francisco-based company focused in energy & water efficiency for agriculture. The MOU lays the foundation for an agreement whereby Wexus would deploy Braingrid's Sentrollers to measure energy, equipment status and use as well as other critical parameters for their traditional farming and cannabis cultivation clients throughout California. The first indoor pilot was at a farm in California which was completed in August 2018. The parties declared this pilot to be successful and the pilot customer was converted to a paying Braingrid customer.

resulting in Braingrid receiving payment one year in advance. A second outdoor pilot in California commences in November.

*Private placement of \$2,587,200*

On February 13, 2018 and April 9, 2018, the Company closed (in two tranches) a 6,768,000 unit offering at a price of \$0.40 per unit for gross proceeds of \$2,667,200 (the "Financing"). 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 will be 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. The net proceeds from the non-brokered private placement are intended to be used for capital expenditures, acquisitions, repayment of secured debt held by a corporation controlled by the Chairman of the Issuer, working capital and general corporate purposes.

*Strategic Alliance Agreement with R2G Global LLC*

In May 2018, Braingrid signed an MOU with R2G Global LLC ("R2G") and its Canadian affiliate, Rent2Grow Canada Inc. R2G offers a first-of-its-kind facility, platform and community for individuals to safely, legally and cost-effectively grow their own medicinal or recreational cannabis, away from their homes and residences. The MOU lays the foundation for Braingrid to exclusively supply the monitoring and controls for R2G's grow pods in their facilities in Canada, United States and other locations around the world. R2G has selected two preliminary sites; one in Toronto, Canada and one in Colorado Springs, USA to launch the business.

*Beleave Kannabis Corp.*

In March 2018, Beleave became a customer for monthly services. Beleave has also agreed to provide endorsements of Braingrid's services on social media and press releases.

*WeedMD Rx Inc.*

WeedMD is a longstanding development customer of Braingrid since 2016. In addition to Braingrid monitoring their existing facility in Aylmer Ontario, WeedMD announced in June 2018 the expansion to a 610,000 SF modern greenhouse in Strathroy Ontario. Phase 1 retrofit of 220,000 SF is now finished and Braingrid is specifying a significant number of sensor points throughout the new facility to commence in Q4. Furthermore, on August 23, 2018, WeedMD agreed to participate in an AI Analytics program conducted by Braingrid in cooperation with Ample Organics.

*Leaf California*

In April 2018, Leaf California became a customer for monthly services. This customer has provided endorsements of Braingrid's services on social media.

*Reverse takeover transaction with Match Capital Resources Corporation*

In June 2018, Braingrid entered into a Letter of Intent with Match Capital Resources Corporation ("Match") to acquire all of the issued and outstanding securities of Braingrid ultimately leading to a reverse take-over of Match by Braingrid's shareholders. The intention of the parties is that Braingrid will be a listed company on the Canadian Stock Exchange by the end of October 2018.

*Private placement of \$1,410,000*

On October 11, October 22, and October 26, 2018 Braingrid completed a non-brokered private placement of an aggregate of 1,801,900 units ("Braingrid Summer 2018 Units") at a price of \$0.80 per Braingrid Summer 2018 Unit. Each such unit is comprised of one Braingrid Share and one Braingrid Share purchase warrant ("Braingrid Summer 2018 Warrant") with each warrant exercisable at a price of \$1.00 into one Braingrid Share for a period of 24 months from the closing of the offering. In connection with the offering of Braingrid Summer 2018 Units, Braingrid paid the following compensation; a cash commission of \$35,400, 119,625 Braingrid Class C Shares and 54,625 finder's warrants ("Braingrid Summer 2018 Finder Warrants") with each such finder's warrant being exercisable into one Braingrid Class C Share at a price of \$1.00 for a period of 24 months from the closing of the offering. \$650,000 of the \$1,441,520 of gross proceeds was paid for through the issuance of 1,000,000 common shares of MGX Minerals Inc. at a deemed price of \$0.65 per share (the "MGX Shares"). The MGX shares received by Braingrid are subject to a four-month hold. Braingrid's intention regarding the MGX Shares subsequent to the expiration of the four-month hold is to dispose of them in the market on an if and when needed basis.

**Trends**

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the quarter, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Management determined that a second financing was appropriate along with a decision to go public by commencing a Reverse Takeover with a selected candidate. Strong equity markets are favourable conditions for completing a public merger or financing. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

**Selected Financial Information**

	<b>Three months ended July 31, 2018 (\$)</b>	<b>Three months ended July 31, 2017 (\$)</b>
<b>Revenue</b>	<b>130,308</b>	<b>1,750</b>
<b>Net loss</b>	<b>(535,449)</b>	<b>(194,588)</b>
<b>Net loss per share – basic and diluted</b>	<b>(0.03)</b>	<b>(0.02)</b>
	<b>Six months ended July 31, 2018 (\$)</b>	<b>Six months ended July 31, 2017 (\$)</b>

<b>Revenue</b>	<b>145,059</b>	<b>17,565</b>
<b>Net loss</b>	<b>(1,067,970)</b>	<b>(477,666)</b>
<b>Net loss per share – basic and diluted</b>	<b>(0.06)</b>	<b>(0.04)</b>
	<b>As at July 31, 2018 (\$)</b>	<b>As at January 31, 2018 (\$)</b>
<b>Total assets</b>	<b>1,592,019</b>	<b>437,206</b>
<b>Total long-term liabilities</b>	<b>0</b>	<b>0</b>

## Discussion of Operations

### Operating results for the six-month period ending July 31, 2018

The Company's net loss totaled \$1,067,970 for the six months period ending July 31, 2018, with basic and diluted loss per share of \$0.06. This compares with a net loss of \$477,666 with basic and diluted loss per share of \$0.04 for the six months ended July 31, 2017. The increase in net loss of \$620,304 during the period was principally because:

- Revenue for the period was \$145,059, compared to \$17,565 for the prior period, an increase of \$127,494. The increase was mainly due to the recognition of \$100,000 of deferred revenue from a legacy contract unrelated to the Company's current precision agriculture vertical and the roll out of the Company's solution to the cannabis sector.
- Salary and wages of \$613,912 for the six months ending July 31, 2018 increased \$491,202 compared to \$122,710 for the six months ending July 31, 2017 as the company increased staffing in sales and research and development.
- Provision for a liquidity incentive was \$146,541 in the six-month period ending July 31, 2018 compared to nil in the prior year's period. As presented in note 10 of the Company's financial statements for the six month period ending July 31, 2018, pursuant to the terms of the offering that closed in February 2018 and April 2018, in the event the shares the investors subscribed to are not listed and freely tradeable on a recognized North American stock exchange within 90 days of the closing of the Offering, investors are entitled to a liquidity incentive of 1% per month of the gross proceeds of their investment.
- Consulting expenses increased by \$99,323 for the six months ending July 31, 2018 compared to the six months ending July 31, 2017, mainly due to the consulting fees paid to the Executive Chairman and Chief Financial Officer; for more information see Note 10, Related Party Transactions in the accompanying financial statements.
- Stock based compensation of \$92,884 for the six months ending July 31, 2018 represented a decrease of \$101,162 compared to \$194,046 of stock-based compensation in the six-month period ending July 31, 2017.
- Professional fees were \$68,583 in the six-month period ending July 31, 2018, an increase of \$59,201 from \$9,382 of professional fees in the six-month period ending July 31, 2017, reflecting increased accounting and legal expenses as the Company prepares to become publicly listed.

### Operating results for the three-month period ending July 31, 2018

The Company's net loss totaled \$535,449 for the period, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$194,588 with basic and diluted loss per share of \$0.02 for the three-month period ending July 31, 2017. The increase in net loss of \$340,861 was principally because:

- Revenue for the period was \$130,308, compared to \$1,750 for the prior period, an increase of \$128,558. The increase was due to the recognition of \$100,000 of deferred revenue from a legacy contract unrelated to the Company's current precision agriculture vertical and the roll out of the Company's solution to the cannabis sector.
- Salary and wages of \$319,635 for the three months ending July 31, 2018 increased \$245,868 compared to \$73,767 for the three months ending July 31, 2017 as the company increased staffing in sales and research and development.
- Provision for a liquidity incentive was \$146,541 in the second quarter of fiscal 2019 compared to nil in the prior years period. As presented in note 10 of the Company's financial statements for the six month period ending July 31, 2018, pursuant to the terms of the offering that closed in February 2018 and April 2018, in the event the shares the investors subscribed to are not listed and freely tradeable on a recognized North American stock exchange within 90 days of the closing of the Offering, investors are entitled to a liquidity incentive of 1% per month of the gross proceeds of their investment.
- Consulting expenses increased by \$61,577 for the quarter ended July 31, 2018, compared to the quarter ended July 31, 2017, mainly due to a reduction in third party consulting in Q2-FY18 and consulting fees paid to the Executive Chairman and Chief Financial Officer; for more information see Note 10, Related Party Transactions in the accompanying financial statements.
- Professional fees were \$48,126 in Q2-FY19, an increase of \$42,253 from \$5,873 of professional fees in Q2-FY18, reflecting increased accounting and legal expenses as the Company prepares to become publicly listed.

### **Cash Flow**

At July 31, 2018, the Company had cash and cash equivalents of \$983,807 compared to \$35,965 at January 31, 2018. The increase in cash and cash equivalents of \$947,842 from January 31, 2018 was mainly due to the financing of completed in February and April 2018 for gross proceeds of \$2,667,600 (the "Financing"), less the repayment of loan payable of \$589,000 and the operating loss for the six-month period ending July 31, 2018 of \$1,067,970.

### **Liquidity and Financial Position**

The Company's total assets at July 31, 2018 were \$1,592,019 (January 31, 2018 - \$437,207) against total liabilities of \$439,225 (January 31, 2018 - \$764,999). The increase in total assets of \$1,154,812 resulted primarily from the Financing. As at July 31, 2018 the Company has sufficient cash and accounts receivable to pay its existing accounts payable and accrued liabilities of \$255,450.

During the quarter ending July 31, 2018, the Company's corporate head office costs were approximately \$77,000. Head office costs include professional fees, consulting fees and general and administrative costs.

See "Risk Factors" below and "Caution Note Regarding Forward-Looking Statements" above.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Braingrid.

## Proposed Transactions

There were no proposed transactions as of the date of this MD&A with the exception of the proposed business combination with Match Capital Resources Corporation.

## Transactions with Related Parties

For details please refer to note 11 of the unaudited interim financial statements for the six-month period ended July 31, 2018.

## Principal Shareholders

To the knowledge of the directors and senior officers of the Company, as at October 26, 2018 no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than as set out below:

	Number of common shares	Percentage of outstanding shares (approx.)
Michael Kadonoff	5,000,000	23.6%
Kenneth Kadonoff	5,000,000	23.6%

## Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Braingrid as at October 26, 2018 are as follows:

Securities	As at October 26, 2018
Common shares outstanding	21,164,261
Issuable under options	2,972,451
Issuable under warrants	6,030,820
<b>Total securities</b>	<b>30,503,057</b>

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. In addition to the risks identified therein, additional risks not presently known to the Company may arise from time to time and may cause a material adverse effect on the Company and any investment in the Company. Investors are cautioned not to rely upon any forward-looking statements in this MD&A as such statements are subject known and unknown risks.

- (1) **No History of Profits** – Braingrid has not earned profits to date and there is no assurance that Braingrid will earn profits in the future, or that profitability, if achieved, will be sustained. The success of Braingrid ultimately depends upon its abilities to generate significant revenues to finance



operations as opposed to external funding. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding. If Braingrid does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities;

- (2) **Future Capital Requirements** – Braingrid will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available, or if available, will not be available on favourable terms. There can be no assurances that Braingrid will be able to raise additional capital if its capital resources are exhausted;
- (3) **Management of Growth** – Braingrid may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. Any expansion of Braingrid's business may place a significant strain on its financial, operational and managerial resources. There can be no assurances that Braingrid will be able to manage growth successfully;
- (4) **Limited Operating History** – Braingrid began carrying on business in May 2, 2012 and is therefore subject to many of the risks common to early-stage enterprises;
- (5) **Reliance on Management** – The success of Braingrid is dependent upon the ability, expertise, judgment, discretion and good faith of their respective senior management;
- (6) **Internal Controls** - Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company shares.
- (7) **Additional Financing** – In order to execute the anticipated growth strategies, Braingrid will likely require additional equity and/or debt financing beyond order to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions;
- (8) **Competition** – There is potential that Braingrid will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than Braingrid;
- (9) **Operating Risk and Insurance Coverage** – Braingrid has insurance to protect its assets, operations and employees. While Braingrid believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Braingrid is exposed;

- (10) **Dividends** – The Company has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future;
- (11) **Industry Risk** – The Company derives a significant portion of its current and prospective revenue from the cannabis sector, which is a relatively new industry, therefore our clients and potential are subject to significant risks typically associated with new industries in addition to risk associated with the cannabis sector including but not limited to regulatory, market and competition risks.

## **SCHEDULE "E" – PRO FORMA FINANCIAL STATEMENTS**

Braingrid Limited  
Pro Forma Consolidated Statement of Financial Position  
As at July 31, 2018  
Expressed in Canadian Dollars  
(Unaudited)

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**BRAINGRID LIMITED**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Braingrid Limited  
Pro Forma Consolidated Statement of Financial Position  
As at July 31, 2018  
Expressed in Canadian Dollars  
(Unaudited)

	Match (unaudited) as at July 31, 2018	Braingrid (unaudited) as at July 31, 2018	Pro Forma Adjustments	Ref	Braingrid Limited (unaudited) as at July 31, 2018
<b>Assets</b>					
<b>Current assets:</b>					
Cash & cash equivalents	\$ 7,163	\$ 983,807	\$ 756,120 (135,000)	(b)(i) (g)	\$ 1,612,090
Short-term investments			\$ 650,000		650,000
Accounts receivable	3,706	30,094			33,800
Investment tax credits recoverable	-	217,000			217,000
Inventory	-	120,701			120,701
Prepaid expenses and sundry assets	-	128,105			128,105
	10,869	1,479,707			2,761,696
Property and equipment		80,226			80,226
Intangibles		32,086			32,086
	\$ 10,869	\$ 1,592,019			\$ 2,874,008
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 144,125	\$ 255,450	\$ (124,373)	(d)	\$ 275,202
Deferred Revenue	-	7,234		(d)	7,234
Shares to be issued	-	30,000			30,000
Provision for liquidity incentive		146,541			146,541
Due to shareholder	220,627	-	(220,627)		-
	364,752	439,225			458,977
<b>Shareholders' equity</b>					
Share capital	2,196,150	2,751,019	(2,196,150) 1,406,120 106,500 345,000 10,000 538,797	(a) (b) (c) (d) (e) (f)	5,157,436
Share-based payment reserve	134,968	1,644,999	(134,968)	(a)	1,644,999
Warrant/other reserve	251,750	510,278	(251,750)	(a)	510,278
Accumulated deficit	(2,936,751)	(3,753,502)	2,936,751 (106,500) (10,000) (538,797) (135,000) (353,883)	(a) (c) (e) (f) (g)	(4,897,682)
	(353,883)	1,152,794			2,415,031
	\$ 10,869	\$ 1,592,019			\$ 2,874,008

## **1) Basis of Presentation**

The accompanying unaudited pro forma consolidated financial statements of Braingrid Limited have been prepared by management after giving effect to the proposed acquisition of Braingrid Corporation (the "Company" or "Braingrid") by Match Capital Resources Corp. ("Match") (the "Transaction"), and the proposed equity financing described in Note 1(b) (the "Equity Financing"). In connection with the completion of the Transaction, Match intends to change its name to Braingrid Limited. Prior to completion of the Transaction, all securities of Match will be consolidated on an eight for one basis.

### **a) Acquisition of Braingrid by Match – Reverse Takeover**

Under the terms of the Transaction, Match will acquire 100% of the issued and outstanding common shares of Braingrid in exchange for 45,032,464 post-consolidation common shares in the capital of Match. Braingrid Corporation will become a wholly-owned subsidiary of Match. Match will remain a publicly traded company.

### **b) Equity Financing**

On October 11, October 22, and October 26, 2018 Braingrid completed a non-brokered private placement of an aggregate of 1,801,900 units ("Braingrid Summer 2018 Units") at a price of \$0.80 per Braingrid Summer 2018 Unit. Each such unit is comprised of one Braingrid Share and one Braingrid Share purchase warrant ("Braingrid Summer 2018 Warrant") with each warrant exercisable at a price of \$1.00 into one Braingrid Share for a period of 24 months from the closing of the offering. In connection with the offering of Braingrid Summer 2018 Units, Braingrid paid the following compensation; a cash commission of \$35,400, 119,625 Braingrid Class C Shares and 54,625 finder's warrants ("Braingrid Summer 2018 Finder Warrants") with each such finder's warrant being exercisable into one Braingrid Class C Share at a price of \$1.00 for a period of 24 months from the closing of the offering. \$650,000 of the \$1,441,520 of gross proceeds was paid for through the issuance of 1,000,000 common shares of MGX Minerals Inc. at a deemed price of \$0.65 per share (the "MGX Shares"). The MGX shares received by Braingrid are subject to a four-month hold. Braingrid's intention regarding the MGX Shares subsequent to the expiration of the four-month hold is to dispose of them in the market on an if and when needed basis..

The closing of the Transaction is subject to a number of conditions, including but not limited to regulatory and shareholders approval.

The unaudited pro forma consolidated statement of financial position as at July 31, 2018 has been prepared incorporating the assumptions and adjustments described in Note 2.

The acquisition of Braingrid by Match has been accounted for in accordance with IFRS 2, Share Based-Payments. The Transaction is considered to be a reverse takeover of Match by Braingrid. A reverse takeover transaction involving a non-public operating entity and a nonoperating company is in substance a share-based payment transaction, rather than a business combination. The Transaction

is equivalent to the issuance of equity instruments (share, stock options and warrants) by Braingrid for the net assets and the eventual public listing status of the non-operating company, Match. The fair value of the shares issued was determined based on the fair value of the Braingrid Shares issued by Braingrid.

The unaudited pro forma consolidated statement of financial position as at July 31, 2018 has been derived from the unaudited interim statement of financial position of Match as at July 31, 2018 and the unaudited interim statement of financial position of Braingrid as at July 31, 2018.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date and for the time period indicated.

## **2) Pro Forma Assumptions and Adjustments**

The unaudited pro forma consolidated financial statements incorporate the following pro forma assumptions and adjustments:

- a) On the closing of the Transaction, the share capital, reserves and deficit of Match are eliminated.
- b) The Equity Financing - Braingrid completed a non-brokered private placement of \$1,441,520 of Braingrid Summer 2018 Units at a price of \$0.80 per unit. Each unit will be comprised of one Braingrid Share (as defined in the listing statement dated October 18, 2018 filed with the Canadian Securities Exchange) and one Braingrid Share purchase warrant with each warrant exercisable at a price of \$1.00 into one Braingrid Share for a period of 24 months from the closing of the Equity Financing (a "Warrant").
- c) Braingrid paid a cash commission of \$35,400, issued 119,625 Braingrid Shares and issued 54,625 finders' warrants with each such warrant being exercisable into one Braingrid Share at a price of \$1.00 for a period of 24 months from the closing of the Equity Financing.
- d) Concurrent with the closing of the Transaction, approximately \$345,000 of Match debt will convert into post-consolidation Match common shares at approximately \$0.40 per share, resulting in the issuance of approximately 862,500 post-consolidation common shares of Match.
- e) Concurrent with the closing of the Transaction, Match will issue 25,000 post-consolidation Match common shares to Elizabeth Kirkwood pursuant to a letter agreement dated July 31, 2014 in consideration for terminating a management agreement between the Issuer and Elizabeth Kirkwood dated March 2012.
- f) Concurrent with the closing of the Transaction Braingrid will issue 673,496 Braingrid Shares in consideration for advisory services pursuant to the Transaction.
- g) The fair value of the consideration for the acquisition of Braingrid is as follows:

Braingrid Limited  
Pro Forma Consolidated Statement of Financial Position  
As at July 31, 2018  
Expressed in Canadian Dollars  
(Unaudited)

Fair value of Match's existing 1,076,931 post-consolidation common shares at \$0.40 per share deemed issued by Braingrid	\$430,772
Estimated qualifying transaction costs <sup>(1)</sup>	180,000
Match net working capital deficiency	353,883
<b>Value attributable to obtaining a listing status</b>	<b>\$964,655</b>

(1) Approximately \$45,000 of the qualifying transaction costs had been paid as at July 31, 2018

### 3) Share Capital

a) The following table reconciles the share capital of Match to the pro forma share capital of the resulting issuer based on the assumptions and adjustments presented in note 2.:

	Ref	Number of Shares	Share Capital
Braingrid Shares as at July 31, 2018		19,242,736	\$2,751,019
Braingrid Shares issued pursuant to Equity Financing	(b)	1,801,900	1,406,120
Braingrid Finders Shares issued pursuant to Equity Financing	(c)	133,125	106,500
Braingrid Advisor Shares issued pursuant to Transaction	(f)	673,496	538,797
		21,851,257	4,802,436
Elimination of Braingrid Shares		(21,851,257)	
Match post-consolidation shares outstanding		1,076,931	
Issuance of Match post-consolidation shares for debt	(d)	862,500	345,000
Issuance of Match post-consolidation shares to Elizabeth Kirkwood	(e)	25,000	10,000
Issuance of Match shares to acquire Braingrid	(g)	43,702,514	
		45,666,945	5,157,436