Victory Square Technologies Inc.
(Formerly Fantasy 6 Sports Inc.)

Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2017 and 2016

(Unaudited – prepared by Management)

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the condensed consolidated interim financial statements prior to their submission to the Board of Directors for approval.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim statements of financial position
(Expressed in Canadian dollars - unaudited)

	Note	September 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		$ 141,727	$ 11,794
Prepaids		-	24,857
Other receivable		30,642	5,680
Government sales tax receivable		55,696	26,087
		228,065	68,418
Non-current assets			
Investments	4	9,508,250	-
Intangible assets	5	1,829,040	2,557,354
TOTAL ASSETS		**$ 11,565,355**	**$ 2,625,772**
LIABILITIES			
Current liabilities			
Trade payables	7	$ 293,459	$ 256,903
Accrued liabilties	7	86,287	208,250
Player deposits		14,661	15,854
Related party loans	7	-	698,581
Investment liability	4	4,949,919	-
		5,344,326	1,179,588
Non-current liabilities			
Related party loans	7	395,336	-
TOTAL LIABILITIES		**5,739,662**	**1,179,588**
SHAREHOLDERS' EQUITY			
Share capital	6	10,817,896	4,866,212
Reserve	6	104,403	104,403
Accumulated other comprehensive income		60,336	57,963
Deficit		(5,156,942)	(3,582,394)
SHAREHOLDERS' EQUITY		**5,825,693**	**1,446,184**
TOTAL LIABILITIES AND SHARESHOLDERS' EQUITY		**$ 11,565,355**	**$ 2,625,772**

Nature of operations and going concern – Note 1
Subsequent events – Note 12

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 29, 2017.

Director: "Shafin Tejani"   Director: "Sheri Rempel"

See accompanying notes to the condensed consolidated interim financial statements

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim statements of loss and comprehensive income
(Expressed in Canadian dollars - unaudited)

	Note	Three month period ended September 30, 2017	Three month period ended September 30, 2016	Nine month period ended September 30, 2017	Nine month period ended September 30, 2016
Revenue		$ 385,557	$ 584,783	$ 571,795	$ 590,416
Cost of goods sold		317,021	$ 468,054	444,966	468,054
		68,536	116,729	126,829	122,362
Expenses					
Amortization	5	242,772	-	728,314	-
Corporate development		-	85,000	-	170,000
Foreign exchange loss		4,562	-	8,927	550
General and administration		9,559	11,420	21,397	28,661
Insurance		5,034	-	11,739	-
Interest	7	1,310	-	14,561	-
Investor relations		8,078	194,978	11,027	282,582
Management fees	7	116,860	65,522	231,277	198,222
Professional fees	7	88,213	30,502	174,952	89,666
Rent		17,125	-	47,125	-
Research and development	5	1,575	462,745	75,018	462,745
Sales and marketing		37,342	77,318	77,670	126,763
Transfer agents and regulatory fees		6,986	5,493	36,508	47,251
Wages		104,380	13,402	262,862	38,712
Website expenses		-	15,449	-	92,393
Total expenses		(643,796)	(961,829)	(1,701,377)	(1,537,545)
Net loss for the period		(575,260)	(845,100)	(1,574,548)	(1,415,183)
Other comprehensive income					
Currency translation adjustment		897	8,399	2,373	8,399
Total comprehensive loss		**$ (574,363)**	**$ (836,701)**	**$ (1,572,175)**	**$ (1,406,784)**
Loss per share - basic and diluted		**$ (0.01)**	**$ (0.02)**	**$ (0.03)**	**$ (0.04)**
Weighted average shares outstanding - basic and diluted		**55,036,913**	**43,713,501**	**50,783,442**	**40,027,946**

See accompanying notes to the condensed consolidated interim financial statements

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim statements of changes in shareholders' equity
(Presented in Canadian dollars - unaudited)

	Share Capital															
	Number of shares		Amount		Special warrants		Subscriptions received		Accumulated other comprehensive income (loss)		Reserve		Deficit		Total
Balance at January 1, 2016	36,400,000	$	741,553	$	510,800	$	-	$	(15,342)	$	21,251	$	(865,324)	$	392,938
Issuance of shares for conversion of special warrants	5,094,000		509,400		(509,400)		-		-		-		-		-
Issuance of shares for warrant exercise	3,564,548		454,342		-		-		-		-		-		454,342
Issuance of shares for share purchase agreement	1,893,940		2,000,000		-		-		-		-		-		2,000,000
Issuance of shares for consulting agreement	100,000		140,000		-		-		-		-		-		140,000
Deposit on shares	-		-		-		225,000		-		-		-		225,000
Special warrants returned	-		-		(1,400)		-		-		-		-		(1,400)
Currency translation adjustment	-		-		-		-		8,399		-		-		8,399
Net loss for the period	-		-		-		-		-		-		(1,415,183)		(1,415,183)
Balance at September 30, 2016	47,052,488	$	3,845,295	$	-	$	225,000	$	(6,943)	$	21,251	$	(2,280,507)	$	1,804,096
Balance January 1, 2017	48,611,639	$	4,866,212	$	-	$	-	$	57,963	$	104,403	$	(3,582,394)	$	1,446,184
Issuance of shares for debt	1,687,867		1,417,809		-		-		-		-		-		1,417,809
Issuance of shares for investment	5,000,000		4,500,000		-		-		-		-		-		4,500,000
Issuance of shares for warrant exercise	336,760		33,875		-		-		-		-		-		33,875
Currency translation adjustment	-		-		-		-		2,373		-		-		2,373
Net loss for the period	-		-		-		-		-		-		(1,574,548)		(1,574,548)
Balance at September 30, 2017	**55,636,266**	**$**	**10,817,896**	**$**	**-**	**$**	**-**	**$**	**60,336**	**$**	**104,403**	**$**	**(5,156,942)**	**$**	**5,825,693**

See accompanying notes to the condensed consolidated interim financial statements

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim statements of cash flows
(Presented in Canadian dollars - unaudited)

	Note	Nine month period ended September 30, 2017	2016
Operating activities			
Net loss for the year		$ (1,574,548)	$ (1,415,183)
Adjustments for non-cash items:			
Amortization		728,314	-
Interest		1,368	-
Debt settled with shares		554,478	140,000
Foreign exchange		1,180	8,399
Changes in non-cash working capital items:			
Other receivables		(24,962)	-
Prepaids		24,857	-
Government sales tax receivable		(29,609)	11,050
Trade and accrued liabilties		79,343	143,912
Player deposits		-	(70,950)
Net cash flows used in operating activities		(239,579)	(1,182,772)
Investing activities			
Investments	4	(58,331)	-
Development of intangible asset		-	(32,948)
Net cash flows provided by (used in) investing activities		(58,331)	(32,948)
Financing activities			
Shares issued - exercise of warrants		33,876	454,342
Subscriptions received		-	225,000
Special warrants returned		-	(1,400)
Proceeds from shareholder loans		393,968	234,706
Net cash flows from financing activities		427,844	912,648
Change in cash		129,934	(303,072)
Cash, beginning		11,794	466,048
Cash, ending		**$ 141,728**	**$ 162,976**

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) (the "Company") was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. On June 9, 2017, the Company announced a completed name change with the Canadian Securities Exchange to Victory Square Technologies Inc. The Company is a sports, entertainment and technology company which produces online games, contests and other related products and experiences. The Company also develops interactive fan engagement platforms for corporations, media, broadcasts and not-for-profit societies and charities.

The Company's registered office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The head office and principal address of the Company is located at Suite 300, 128 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1G8. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "VST" and the Frankfurt Stock Exchange under the symbol "6F6". The Company is also quoted on the OTC Markets in the United States under the symbol of "FNTYF".

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2017, the Company had a working capital deficiency of $5,116,261 (2016 - $1,111,170) and an accumulated deficit of $5,156,942. Furthermore, the Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent on its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Statement of Compliance, Basis of Preparation and New Accounting Policy

These condensed consolidated interim financial statements were authorized for issue on November 29, 2017, by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2016.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2016.

Basis of preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

2. Statement of Compliance, Basis of Preparation and New Accounting Policy (continued)

New accounting policy

During the current period, the Company made significant investments in several private companies and adopted the following accounting policy with respect to investments:

Investments are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the financial statements directly in net loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized.

For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

The Company has determined that it has significant influence over Unified Film Fund II, LLC (the "Film Fund") and will use the equity method in accounting for this investment. (See Note 5).

The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to the Company.

Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the Condensed Consolidated Interim Statements of Comprehensive Loss.

3. Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after September 30, 2017.

Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below.

The following standards, interpretations and amendments, which have not been applied in these condensed consolidated interim unaudited financial statements, may have an effect on the Company's future consolidated financial statements. The Company is currently evaluating the potential impacts of these new standards.

IFRS 9, Financial Instruments (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace 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 classification options available in IAS 39.

IFRS 15, Revenues (effective January 1, 2018), replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

IFRS 16 Leases (effective January 1, 2019), provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

4. Investments

During the period ended September 30, 2017, the Company made three investments for a total of $9,508,250 as follows:

a) Unified Film Fund II, LLC

In July 2017, the Company executed an agreement with Interlock Capital Ltd. ("Interlock") to acquire its 40% equity stake in Unified Film Fund II, LLC (the "Film Fund"). In exchange for the equity stake, the Company issued 5,000,000 common shares with a fair value of $0.90 per share or $4,500,000 and is required to pay $4,408,250 ($3,500,000 USD) in cash within sixty days after the date of the agreement for a total investment of $8,908,250. No cash has been paid to date. The Film Fund will be producing three major motion pictures in 2017 and 2018.

b) Insight Diagnostics Inc.

In July 2017, the Company's wholly owned subsidiary, Victory Square Health, executed an agreement with Insight Diagnostics Inc. ("Insight") to acquire 25% of the issued and outstanding common shares of Insight in exchange for $25,000 in cash (paid) and $75,000 in services (for a total investment of $100,000) plus 5% of the common shares of Victory Square Health. As part of the agreement, the CEO of Insight will be provided with 10% of the common shares of Victory Square Health. Insight is developing a personalized diagnostic solution for the management and prevention of Type II diabetes.

(Presented in Canadian dollars - unaudited)

4. Investments (continued)

c) Personalized Biomarkers Inc.

In August 2017, the Company's wholly owned subsidiary, Victory Square Health, executed an agreement with Personalized Biomarkers Inc. ("PBI") to acquire 33% of the issued and outstanding common shares of PBI in exchange for an investment of $500,000. PBI develops test kits that predict the expected response to a number of therapies prior to prescription, with an initial focus on diabetes.

Of the total $500,000 investment, $33,331 has been paid to date. (See Note 12).

5. Intangible Assets

Intangible assets are comprised of the following:

		FansUnite		Website development costs		Total
Balance, December 31, 2016	$	2,382,861	$	174,493	$	2,557,354
Amortization		(662,880)		(65,434)		(728,314)
Balance, September 30, 2017	$	1,719,981	$	109,059	$	1,829,040

FansUnite is an intangible asset acquired through acquisition. The benefit to the Company of acquiring FansUnite was the acquisition of its users. Amortization is being recognized on a straight-line basis over 3 years.

Website development costs are amortized on a straight-line basis over 3 years.

Research and development costs incurred in the internal development of applications and platforms are expensed as incurred. During the nine months ended September 30, 2017, the Company incurred $75,018 (nine months ended September 30, 2016 - $462,745) in research and development costs with respect to these activities.

6. Share Capital

Authorized share capital

Unlimited common shares without par value.

Issued share capital

At September 30, 2017, there were 55,636,266 issued and fully paid common shares (December 31, 2016 – 48,611,639).

In June 2017, 1,687,867 common shares at a deemed price of $0.84 per common share (the "Common Shares") were issued in settlement of debt. As such, an aggregate obligation of $1,417,809 was settled, including $1,261,183 to CEO Shafin Tejani, who received 1,501,409 of the Common Shares. These common shares are subject to a four month hold period

(Presented in Canadian dollars - unaudited)

6. Share Capital (continued)

In July 2017, the Company issued 5,000,000 common shares with a fair value of $0.90 per share or $4,500,000 to Interlock in connection with the acquisition of Interlock's 40% equity stake in the Film Fund.

During the nine months ended September 30, 2017, 336,760 common shares were issued at prices ranging from $0.10 to $0.20 per share for total proceeds of $33,875 in connection with the exercise of warrants.

Warrants

The following table summarizes information about the issued and outstanding warrants as at September 30, 2017, and December 31, 2016:

	September 30, 2017			December 31, 2016		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance, beginning	723,301	$	0.19	10,962,000	$	0.15
Conversion of Special Warrants	-		-	(5,094,000)		-
Cancelled:						
Warrants	-		-	(7,000)		0.09
Special Warrants	-		-	(14,000)		0.09
Exercised	(336,759)		0.10	(5,123,699)		0.16
Balance, ending	386,542	$	0.26	723,301	$	0.19

The remaining weighted average contractual life of warrants outstanding is 0.03 years as at September 30, 2017.

Warrants are exercisable as follows:

Expiry date	Number of warrants		Exercise price
October 8, 2017	304,966	$	0.20
October 23, 2017	81,576	$	0.50

(Presented in Canadian dollars - unaudited)

7. Related Party Balances

Related party transactions

During the period ended September 30, 2017 and 2016, the Company entered into the following transactions with related parties:

		September 30, 2017		September 30, 2016
Interest	$	13,698	$	-
Management fees **	$	168,637	$	215,833
Sales and marketing fees	$	-	$	48,000
Professional fees	$	43,750	$	28,500
Rent *	$	30,000	$	-

* Rent was paid to a company controlled by the Chief Operating Office who resigned May 31, 2017
** Includes $49,417 (2016 - $215,833) in management fees charged from a company controlled by the Chief Operating Officer who resigned May 31, 2017

Related party balances

At September 30, 2017, the Company had $62,262 (December 31, 2016 - $203,711) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In June 2017, 1,687,867 Common Shares at a deemed price of $0.84 per Common Share were issued in settlement of debt. As such, an aggregate obligation of $1,417,809 was settled, including $1,261,183 to CEO Shafin Tejani, who received 1,501,409 of the Common Shares. These Common Shares are subject to a four month hold period

Key management compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive leadership team. Such compensation was comprised of:

- $43,750 (2016 - $28,500) in professional fees and $21,720 in management fees (2016 - $Nil), to companies controlled the Chief Financial Officer, for full cycle bookkeeping, corporate secretarial and CFO services,
- $97,500 (2016 - $Nil) in management fees to the Chief Executive Officer and,
- $49,417 (2016 - $215,833) in management fees to the Chief Operating Officer who resigned May 31, 2017.

Related party loans

As at September 30, 2017, the Company has $395,336 (2016 - $698,581) in related party loans, which includes $1,368 (2016 - $10,861) in accrued interest. The related party loans are due on or before October 16, 2018 and are unsecured. The related party loans bear interest at 3% compounded semi-annually.

8. Operating Segments

The Company operates in one segment, which is the provision of online fantasy sports games and immersive fan experiences. All of the Company's assets are located in Canada.

9. Financial Instruments

The Company's financial instruments consist of cash, other receivable, investments, trade payables, player deposits, related party loans and investment liability. At September 30, 2017, there were no significant differences between the carrying amounts of these items and their estimated fair values.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels for valuation of financial instruments carried at fair value have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

As of September 30, 2017, all of the Company's investments are classified as Level 3.

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of input tax credits and investment tax credits receivable from government institutions. As a result, the Company is not exposed to significant credit risk.

9. Financial Instruments (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

c) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

10. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company will require capital resources to carry its plans and operations through its current operating period.

There were no changes in the Company's approach to capital management during the period ended September 30, 2017.

11. Commitment

The Company signed a binding term sheet with Victory Square Labs Inc., a company related by a director in common, for a secured convertible note facility up to $10,000,000 (the "Convertible Note").

The Convertible Note, to be advanced in tranches, will consist of a series of secured convertible promissory notes (each a "Note"), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement. Interest on each Note will accrue at 6% per annum, compounded annually and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company's present and subsequently acquired personal property pursuant to a general security agreement.

As of September 30, 2017, the Company has not drawn any funds on the Convertible Note.

12. Subsequent events

Subsequent to September 30, 2017:

a) The Company completed a non-brokered private placement issuing 6,666,667 units (each a "Unit") at a price of $0.75 per Unit. Each Unit consists of one common share of the Company and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $1.50 per share for a period of 12 months from the date of issuance.

b) 304,715 warrants with an exercise price of $0.20 expired unexercised, 81,576 warrants with an exercise price of $0.50 were exercised for proceeds of $40,788 and 250 warrants with an exercise price of $0.20 were exercised for proceeds of $50.

c) The Company made an additional payment of $160,000 to PBI in connection with its investment in PBI.