



Global Cannabis Applications Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended December 31, 2018

(Stated in Canadian Dollars)
(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited consolidated interim financial statements of Global Cannabis Applications Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(unaudited)

	December 31, 2018	June 30, 2018
ASSETS		
Current assets		
Cash	\$ 59,960	\$ 629,873
GST receivable	(2,199)	71,239
Loan receivable (Note 6)	3,343,795	2,616,438
Prepaid expenses	59,492	120,367
	3,461,048	3,437,917
Deposit	11,500	11,500
Intangible assets (Note 4)	545,775	569,362
Equipment (Note 5)	504	756
	\$ 4,018,827	\$ 4,019,535
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable (Note 7)	\$ 307,764	\$ 246,455
Loan payable (Note 6)	372,415	465,249
	680,179	711,704
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	14,768,585	12,118,928
Subscriptions Received (Note 8)	79,524	93,249
Share-based payment reserve (Note 8)	2,340,861	1,949,361
Deficit	(13,850,321)	(10,853,707)
	3,338,649	3,307,831
	\$ 4,018,827	\$ 4,019,535

Going concern (Note 1)
Subsequent events (Note 11)

Approved on behalf of the Board:

"Bradley Moore"

Bradley Moore

"Alexander Helm"

Alexander Helm

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(unaudited)

	Three months ended		Six months ended	
	December 31		December 31	
	2018	2017	2018	2017
Expenses:				
Accounting and audit fees	\$ 34,560	\$ 10,855	\$ 45,187	\$ 15,355
Amortization of intangible assets (Note 4)	40,669	58,411	81,338	116,822
Bank and interest charges (Note 6)	8,213	7,950	18,693	16,210
Consulting fees (Notes 6, 7 and 8)	275,721	496,748	1,280,017	663,391
Depreciation of equipment (Note 5)	252	252	252	252
Impairment of intangible asset (Notes 4)	-	-	-	-
Legal fees	6,515	20,364	40,770	20,364
Marketing	219,278	330,635	728,504	389,081
Office and miscellaneous	9,258	3,305	30,747	6,516
Research and development costs (Notes 4 and 7)	523,423	62,004	528,783	82,818
Share-based payments (Notes 7 and 8)	168,400	306,050	372,200	395,350
Transfer agent, listing, and filing fees	24,773	9,698	53,933	28,116
Travel	32,316	32,062	104,635	36,289
	(1,404,464)	(1,338,334)	(3,285,058)	(1,770,563)
Other items:				
Interest income (Note 6)	148,153	-	288,443	-
Gain on debt settlements	-	-	-	-
Net and comprehensive loss	\$(1,256,311)	\$ (1,338,334)	\$ (2,996,615)	\$ (1,770,563)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding	92,227,637	53,583,500	89,332,219	49,576,681

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(unaudited)

	Six months ended December 31, 2018	Six months ended December 31, 2017
Operating Activities		
Net loss	\$ (2,996,615)	\$ (1,770,563)
Items not affecting cash:		
Depreciation and amortization	81,590	117,074
Impairment of intangible assets	-	-
Interest income	(288,443)	-
Accrued interest	15,166	15,325
Finance cost	-	-
Consulting fee	61,087	-
Share-based compensation	372,200	395,350
Shares issued for services	214,400	-
Gain on debt settlements	-	-
Changes in non-cash working capital items related to operations:		
GST receivable	73,438	(21,265)
Prepaid expenses and deposits	60,875	-
Accounts payable	61,308	(69,861)
Cash used in operating activities	(2,344,994)	(1,194,218)
Financing Activities		
Loans repaid	-	-
Shares subscriptions received	(13,725)	-
Shares issued for cash, net of issue costs	2,288,806	1,733,276
Cash provided by financing activities	2,275,081	1,733,276
Investing Activities		
Loan receivable	(500,000)	-
Cash used in Investing activities	(500,000)	-
Increase (decrease) in cash	(569,913)	539,058
Cash, beginning	629,873	111,597
Cash, ending	\$ 59,960	\$ 650,655

Non-cash transactions – Note 11

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

GLOBAL CANNABIS APPLICATIONS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in Canadian Dollars)
(unaudited)

	Share capital		Obligation to issue shares	Subscriptions Received	Share-based payment reserve	Deficit	Total
	Number of Shares	Amount					
Balance, June 30, 2017	43,339,009	4,583,863	182,250	-	1,073,009	(5,380,597)	458,525
Shares issued for cash net of costs (Note 8)	15,347,852	1,733,276	-	-	-	-	1,733,276
Subscriptions received	-	-	-	-	-	-	-
Share based payments (Note 8)	-	-	-	-	395,350	-	395,350
Net and comprehensive loss	-	-	-	-	-	(1,770,563)	(1,770,563)
Balance, December 31, 2017	58,686,861	\$ 6,317,139	\$ 182,250	-	\$ 1,468,359	\$ (7,151,160)	\$ 816,588
Balance, June 30, 2018	79,376,961	11,936,678	182,250	93,249	1,949,361	(10,853,707)	3,307,831
Shares issued for cash net of costs (Note 8)	11,108,383	2,014,156	-	(92,925)	-	-	1,921,231
Share issue costs	413,813	86,901	-	-	19,300	-	106,201
Shares issued for debt	1,791,112	322,400	-	-	-	-	322,400
Shares issued for exercise of warrants	1,245,000	168,450	-	-	-	-	168,450
Shares issued for OPINIT	1,500,000	240,000	(182,250)	-	-	-	57,750
Subscriptions received	-	-	-	79,200	-	-	79,200
Share based payments (Note 8)	-	-	-	-	372,200	-	372,200
Net and comprehensive loss	-	-	-	-	-	(2,996,615)	(2,996,615)
Balance, December 31, 2018	95,435,269	\$14,768,585	\$ -	\$ 79,524	\$ 2,340,861	\$(13,850,322)	\$ 3,338,648

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

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

December 31, 2018 and 2017

(Stated in Canadian Dollars) (unaudited)

1. Nature and Continuance of Operations

Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) was incorporated on July 14, 2014, under the *Business Corporation Act* (British Columbia). The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “APP”. The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company develops applications for smartphones and tablets.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company has not generated any revenues from operations and has an accumulated deficit of \$13,850,322. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on 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. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Statement of Compliance

These financial statements were authorized for issue on March 1, 2019, by the directors of the Company.

Statement of Compliance

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”), Interim Financial Reporting (“IAS 34”). The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the accounting policies adopted in the Company’s consolidated financial statements for the years ended June 30, 2018, and 2017, and as such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the years ended June 30, 2018, and 2017.

The preparation of unaudited condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management’s judgment in applying the Company’s accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company’s unaudited consolidated interim financial statements are discussed in Note 3.

The Company’s unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these unaudited consolidated interim financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period’s presentation.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

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(Stated in Canadian Dollars) (unaudited)

3. Significant Accounting Policies and Basis of Preparation

Basis of Measurement

These financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company's functional currency.

Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		Sept 30, 2018	June 30, 2017
Antisocial Holdings Ltd.	Canada	100%	100%
FORO Technologies Inc.	Canada	100%	100%
GCAC Europe UAB	Lithuania	100%	0%
GCAC Australia Pty Ltd.	Australia	61%	0%
OPINIT LLC	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting policies

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended June 30, 2018.

Changes in Accounting Policies

IFRS 9 Financial Instruments

The Company adopted the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of July 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

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The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Prepaid expenses	Amortized cost	Amortized cost
GST receivable	Amortized cost	Amortized cost
Deposit	Amortized cost	Amortized cost
Loan receivable	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the annual reporting period ending June 30, 2019, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on July 1, 2018.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. As the Company has no revenue, no impact on the Company's consolidated financial statements is expected.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

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(Stated in Canadian Dollars) (unaudited)

4. Intangible Assets

	OPINIT	Serum	Foro and Truth	Total
Cost:				
Balance June 30, 2017	813,375	60,000	354,842	1,228,217
Additions	-	-	-	-
Balance June 30, 2018	\$ 813,375	\$ 60,000	\$ 354,842	\$ 1,228,217
Additions	57,750	-	-	57,750
Balance December 31, 2018	\$ 871,125	\$ 60,000	\$ 354,842	\$ 1,285,967
Accumulated amortization:				
Balance, June 30, 2017	81,338	60,000	177,420	318,758
Impairment	-	-	106,454	106,454
Amortization	162,675	-	70,968	233,643
Balance June 30, 2018	\$ 244,013	\$ 60,000	\$ 354,842	\$ 658,855
Amortization	81,338	-	-	81,338
Balance December 31, 2018	\$ 325,350	\$ 60,000	\$ 354,842	\$ 740,192
Carrying amount:				
Balance June 30, 2017	\$ 732,037	\$ -	\$ 177,422	\$ 909,459
Balance June 30, 2018	\$ 569,362	\$ -	\$ -	\$ 569,362
Balance December 31, 2018	\$ 545,775	\$ -	\$ -	\$ 545,775

On September 21, 2016, the Company completed the acquisition of OPINIT LLC (“OPINIT”), acquiring a mobile application whereby the Company issued 7,500,000 shares for 100% of the issued and outstanding shares of OPINIT (Note 8). Of the 7,500,000 shares, 3,500,000 with a fair value of \$472,500 were released immediately and the remaining 4,000,000 shares (the “Milestone Shares”) are subject to release restrictions whereby they shall be released upon achievement of certain milestones. A total of 2,000,000 of the Milestone Shares shall be released upon the completion of the development and release of the BETA version of the university instance desktop portal including integration feeds from OPINIT mobile application and the Foro mobile application. The remaining 2,000,000 Milestone Shares will be released pro-rata to the Opinit Shareholders in connection with the combined user counts of both the OPINIT mobile application and the Foro Mobile Application. The milestone shares were valued on the date of the acquisition based on the probability that they would be realized in the future and an additional \$317,250 was recorded. On December 28, 2016, the total combined user count was over 300,000, accordingly, the Company released 1,000,000 Milestone shares with a fair value of \$135,000. In addition to the shares released for the milestone, 50,000 shares with a fair value of \$2,000 were issued for advisory fees related to reaching the milestone. The Company issued 175,000 shares, which have been recorded with a fair value of \$23,625, to an arm’s-length finder. On November 30, 2018 the Company came to an agreement with the original Opinit Shareholders whereby it issued 1,500,000 shares with a fair value of \$240,000 pro-rata to the Opinit Shareholders to cancel any remaining Milestone requirements.

In 2014, the Company acquired the Serum, Foro and Truth mobile applications and commenced development of the Citizen Green mobile application in 2016. During the years ended June 30, 2018 and 2017, the Serum and Foro and Truth applications were fully impaired. During the year ended June 30, 2018, the Company recorded impairment of \$106,454 (2017: \$30,000).

During the year ended June 30, 2018, costs incurred of \$208,851 (2017: \$90,563) have been expensed as research and development as these costs do not meet capitalization criteria.

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

December 31, 2018 and 2017

(Stated in Canadian Dollars) (unaudited)

5. Equipment

Cost:	
Balance, June 30, 2018 and 2017	\$ 7,067
Additions	-
Balance, December 31, 2018	\$ 7,067
Accumulated depreciation:	
Balance, June 30, 2017	5,807
Depreciation	504
Balance, June 30, 2018	6,111
Depreciation	252
Balance December 31, 2018	\$ 6,311
Carrying amount:	
As at June 30, 2017	\$ 1,260
As at June 30, 2018	\$ 756
As at December 31, 2018	\$ 504

6. Short Term Loans*Payable*

During the year ended June 30, 2017, all the short term loans and outstanding interest were renegotiated and consolidated into a single unsecured, due on demand loan. The loan bears an interest of 7% per annum. The Company paid the lender \$75,000 as an arrangement fee in connection with the re-negotiation which was recorded as reduction of the debt. During the year ended June 30, 2018, \$37,500 of the re-negotiation fee was expensed as interest (2017: \$37,500). On October 30, 2018 the Company issued 600,000 at a fair value of \$108,000 as payment towards the outstanding amount.

The changes in loans during the years are as follows:

	Principal	Interest	Deferred financing	Total
Cost:				
Balance, June 30, 2016	\$ 427,420	\$ 35,520	\$ -	\$ 462,940
Principal and interest consolidation	51,296	(35,520)	-	15,776
Repayments in cash	(25,000)	-	-	(25,000)
Repayments in shares	(35,000)	-	-	(35,000)
Interest	-	15,343	-	15,343
Re-negotiation fee	-	-	(75,000)	(75,000)
Amortization	-	-	37,500	37,500
Balance June 30, 2017	418,716	15,343	(37,500)	396,559
Interest	-	31,190	-	31,190
Amortization	-	-	37,500	37,500
Balance June 30, 2018	418,716	46,533	-	465,249
Repayments in shares	(108,000)	-	-	(108,000)
Interest	-	15,166	-	15,166
Balance September 30, 2018	\$ 310,716	\$ 61,699	\$ -	\$ 372,415

GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Financial Statements

December 31, 2018 and 2017

(Stated in Canadian Dollars) (unaudited)

Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it is committed to loan a arm's-length party ("borrower") \$4,000,000. The loan is to be used to support the marketing and listing of the Company's token. During the year ended June 30, 2018, the Company advanced \$3,000,000 to the borrower. The Company is obligated to advance an additional \$1,000,000 to the borrower. The term of the loan is one year, bears no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan bears no interest as the borrower is expected to provide services to the Company in connection with the proposed token offering. The loan is secured by 13,636,363 shares of the Company owned by the significant shareholder. The Company determined the fair value of the loan receivable to be \$2,500,000 using a discount rate of 20% over the one year term of the loan. The Company expensed the discount of \$500,000 as a consulting fee and recognized interest income of \$116,438 being the amortization of the discount during the year ended June 30, 2018, and recognized interest income of \$250,685 being the amortization of the discount during the period ended December 31, 2018. During the period ended December 31, 2018, the Company advanced the borrower an additional \$500,000. The Company determined the fair value of this portion of the loan receivable to be \$438,913 using a discount rate of 20% over the remaining term of the loan. The Company expensed the discount of \$61,087 as a consulting fee and recognized interest income of \$37,759 being the amortization of the discount.

7. Related Party Transactions

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, and directors of the Company to be key management. The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of \$424,973 (2017: \$202,203).

During the period ended December 31, 2018, share based compensation for key management during the period totaled \$137,707 (2017: \$147,500).

At December 31, 2018, a balance of \$12,600 (2017: \$Nil) was owing to related parties. This amount is unsecured, non-interest bearing and due on demand.

8. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the period ended December 31, 2018

On November 30, 2018, the Company issued 1,500,000 shares with a fair value of \$240,000 pro-rata to the original Opinit Shareholders to cancel any remaining Milestone requirements.

On November 27, 2018, the Company closed the final tranche of a non-brokered private placement for gross proceeds of \$81,000 whereby it issued 450,000 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.33 per common share. Finders' fees in the form of cash commissions totalling \$5,670 and 31,500 non-transferable finders' warrants, representing 7 per cent of the gross proceeds from certain subscribers and 7 per cent of the number of financing units distributed, respectively, have been paid and issued to certain arm's-length finders. Each finder's warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing

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at an exercise price of \$0.33 per common share. The Company determined that the fair value of the warrants was \$2,500 according to the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.23%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On October 30, 2018, the Company closed the first tranche of a non-brokered private placement for gross proceeds of \$524,901 whereby it issued 2,916,116 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.33 cents per common share. Finders' fees in the form of cash commissions totalling \$31,598 and 175,544 non-transferable finders' warrants, representing 7 per cent of the gross proceeds from certain subscribers and 7 per cent of the number of financing units distributed, respectively, have been paid and issued to certain arm's-length finders. Each finder's warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.33 per common share. The Company determined that the fair value of the warrants was \$16,800 according to the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.31%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On October 30, 2018, the Company settled an aggregate of \$197,500 in debt through the issuance of 1,097,222 units, each issued at a deemed value of \$0.18 cents, to various creditors, one of whom is a director and officer of the company. Each creditor unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.33 per common share.

On July 18, 2018, the Company closed a non-brokered private placement for 7,742,267 units at a price of \$0.21 per unit for gross proceeds of \$1,625,876. Each unit was comprised of one common share of the Company and one common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.33 cents for a period of 24 months expiring July 18, 2020. In connection with the private placement, the Company paid finders' fees of \$74,152 and issued 514,811 finders' warrants. In addition, the Company issued an aggregate of 413,813 finders' units to certain finders. Each finder's warrant has the same terms as the warrants, and each finder's unit has the same terms as the units.

The Company issued 1,245,000 common shares for total proceeds of \$168,450 pursuant to the exercise of warrants.

During the year ended June 30, 2018

The Company issued 1,180,000 common shares for total proceeds of \$223,050 pursuant to the exercise of options and 5,134,640 common shares for total proceeds of \$783,693 pursuant to the exercise of warrants. On issuance, a total \$150,700 was re-allocated from share based payment reserve.

On March 22, 2018, the Company closed a non-brokered private placement issuing a total of 14,931,963 units at a price of \$0.33 per unit for gross proceeds of \$4,927,547. Each unit was comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.55 per share. The Company paid a total of \$291,369 in cash, issued a total of 303,030 finder's units fair valued at \$100,000, and issued a total of 40,957 finders warrants fair valued at \$41,735. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.85%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On November 28, 2017, the Company closed a non-brokered private placement issuing a total of 3,501,852 units at a price of \$0.135 per unit for gross proceeds of \$472,750. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.17 per share.

On November 15, 2017, the Company closed a private placement of 2,300,000 units at a price of \$0.10 per unit for gross proceeds of \$230,000. Each unit was comprised of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company

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for a period of two years at an exercise price of \$0.13 per common share. A cash finders fee of \$300 was paid in connection with this transaction.

On October 10, 2017, the Company closed a non-brokered private placement issuing of 4,010,000 units at a price of \$0.10 per unit in exchange for gross proceeds of \$401,000. Each unit was comprised of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share for a period of two years at an exercise price of \$0.13 per warrant share.

On August 9, 2017, the Company completed a private placement of 4,101,000 units at a price of \$0.075 per unit for gross proceeds of \$307,575. Each unit was comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.10 at any time prior to August 9, 2022.

The Company issued 575,467 common shares to settle \$189,904 of debt. The common shares are fair valued at \$189,904 and no gain or loss on settlement was recorded.

The Company received proceeds of \$93,249 for the private placement completed subsequent to the year end. (Note 12)

During the year ended June 30, 2017

On April 24, 2017, the Company completed a private placement of 3,666,665 units at a price of \$0.075 per unit for gross proceeds of \$275,000. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.10 at any time prior to April 24, 2019.

On March 10, 2017, the Company issued 300,000 shares to settle \$30,000 of debt. Each share was fair valued at \$0.06 per share and a gain on settlement of \$12,000 was realized.

On March 2, 2017, the Company issued 1,500,000 shares to settle \$75,000 of debt. Each share was fair valued at 0.06 per share and a loss on settlement of \$15,000 was realized.

On February 27, 2017, the Company completed a private placement of 3,500,000 shares at a price of \$0.05 per share for gross proceeds of \$175,000. Finder's fees totaling \$3,000 in cash, 250,000 finders shares with a fair value of \$12,500 and 250,000 broker warrants with fair value of \$5,817 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.10 until February 27, 2018.

On February 15, 2017, the Company issued 500,000 shares to settle \$50,000 of debt. Each share was fair valued at \$0.05 per share and a gain on settlement of \$25,000 was realized.

On December 28, 2016, the Company issued 1,000,000 shares in connection with OPINIT milestone completion. The Company issued 50,000 shares to an advisor for service valued at \$2,000 in connection with reaching a milestone (Note 4).

On November 29, 2016, the Company completed a private placement of 623,727 units at a price of \$0.11 per unit for gross proceeds of \$68,610. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 at any time prior to November 28, 2018. Finder's fees totaling \$801 in cash were paid and 7,280 broker warrants with fair value of \$162 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 at any time prior to November 28, 2018.

On November 29, 2016, the Company issued 909,090 share to settle \$100,000 of debt to related parties. Each share was fair valued at \$0.09 per share and a gain on settlement of \$18,182 was realized.

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On October 24, 2016, the Company completed a private placement of 1,045,454 units at a price of \$0.11 per unit for gross proceeds of \$115,000. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 at any time prior to October 25, 2018.

On October 24, 2016, the Company issued 1,664,772 shares to settle \$183,125 of debt. Each share was fair valued at \$0.11 per share.

On September 21, 2016, the Company completed the acquisition of OPINIT pursuant to which the Company exchanged an aggregate of 3,500,000 common shares in the capital of the Company for 100 per cent of the issued and outstanding shares of OPINIT. Concurrent with the acquisition, the Company issued 175,000 shares to an arm's-length finder (Note 4).

On July 18, 2016, the Company completed a private placement of 475,000 units at a price of \$0.20 per unit for gross proceeds of \$95,000. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 at any time prior to July 18, 2018.

On July 18, 2016, the Company issued 580,000 shares to settle \$116,000 of debt. Each share was fair valued at \$0.22 and a loss on settlement of \$11,600 was realized.

On July 5, 2016, the Company issued 43,182 shares to settle \$9,638 of debt. Each share was fair valued at \$0.215 and a gain on settlement of \$353 was realized.

On July 11, 2016, the Company returned 50,000 shares to treasury as performance conditions by a consultant were not met.

On July 18, 2016, the Company returned 960,000 shares to treasury as performance conditions under the Foro Technologies Inc acquisition were not met.

c) Warrants

The change in warrants during the years ended June 30, 2018, 2017, and the period ended December 31, 2018, is as follows:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2016	2,912,128	\$ 0.30
Issued	3,162,703	0.15
Expired	(657,239)	0.30
Balance, June 30, 2017	5,417,592	0.22
Issued	27,437,876	0.36
Exercised	(5,134,640)	0.15
Expired	(902,169)	0.30
Balance, June 30, 2018	26,818,659	0.38
Issued	14,035,163	0.33
Exercised	1,245,000	0.14
Expired	613,451	0.30
Balance, December 31, 2018	38,995,371	\$ 0.42

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The following table summarizes the warrants outstanding and exercisable at December 31, 2018:

Number of Warrants	Exercise Price	Expiry Date
900,000	\$0.30	June 2, 2021
1,833,332	\$0.30	April 24, 2019
2,835,000	\$0.10	August 11, 2022
2,380,000	\$0.13	October 10, 2019
300,000	\$0.13	November 15, 2019
1,435,926	\$0.17	November 28, 2019
15,275,950	\$0.55	March 22, 2020
8,670,891	\$0.33	July 18, 2020
4,188,882	\$0.33	October 30, 2020
1,175,390	\$0.33	November 27, 2020
38,995,371	\$0.42	

At December 31, 2018, the weighted average remaining contractual life of all warrants outstanding was 1.43 years.

d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of \$0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On December 31, 2018, the Company granted 75,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.10 until December 31, 2023. These options vested immediately.

On December 13, 2018, the Company granted 500,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.12 until December 13, 2023. These options vested immediately.

On November 30, 2018, the Company granted 60,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.14 until November 30, 2023. These options vested immediately.

On November 20, 2018, the Company granted 150,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.175 until November 20, 2023. These options vested immediately.

On November 2, 2018, the Company granted 100,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.185 until November 2, 2023. These options vested immediately.

On October 26, 2018, the Company granted 185,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.17 until October 26, 2023. These options vested immediately.

On October 23, 2018, the Company granted 15,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.18 until October 23, 2023. These options vested immediately.

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On October 22, 2018, the Company granted 40,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.19 until October 22, 2023. These options vested immediately.

On October 3, 2018, the Company granted 285,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.23 until October 3, 2023. These options vested immediately.

On September 28, 2018, the Company granted 500,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.225 until September 28, 2023. These options vested immediately.

On September 6, 2018, the Company granted 100,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.29 until September 6, 2023. These options vested immediately.

On August 11, 2018, the Company granted 50,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.165 until August 16, 2023. These options vested immediately.

On May 22, 2018, the Company granted 600,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.34 until May 22, 2023. These options vested immediately.

On May 14, 2018, the Company granted 125,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.365 until May 14, 2023. These options vested immediately.

On April 3, 2018, the Company granted 55,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.265 until April 3, 2023. These options vested immediately.

On March 19, 2018, the Company granted 125,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.325 until March 19, 2023. These options vested immediately.

On February 27, 2018, the Company granted 425,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.37 until February 27, 2023. These options vested immediately.

On January 31, 2018, the Company granted 50,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.64 until January 31, 2023. These options vested immediately.

On January 2, 2018, the Company granted 300,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.72 until January 2, 2023. These options vested immediately.

On November 24, 2017, the Company granted 500,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.395 until November 24, 2022. These options vested immediately.

On November 22, 2017, the Company granted 375,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.315 until November 22, 2022. These options vested immediately.

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On November 20, 2017, the Company granted 500,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.16 until November 20, 2022. These options vested immediately.

On October 12, 2017, the Company granted 100,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.14 until October 12, 2022. These options vested immediately.

On September 29, 2017, the Company granted 250,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.15 until September 29, 2022. These options vested immediately.

On September 11, 2017, the Company granted 650,000 share purchase options to directors, officers or consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.135 until September 11, 2022. These options vested immediately.

A continuity of the changes in the Company's share purchase options is as follows:

	Options	Weighted Average Exercise Price
Balance, June 30, 2016	1,800,000	\$ 0.29
Granted	1,760,000	0.12
Balance, June 30, 2017	3,560,000	0.21
Granted	4,055,000	0.31
Expired/forfeited	(585,000)	0.15
Exercised	(1,180,000)	0.19
Balance June 30, 2018	5,850,000	0.29
Granted	2,060,000	0.18
Balance December 31, 2018	7,910,000	\$ 0.26

A summary of the Company's outstanding and exercisable stock options at December 31, 2018, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
\$0.50	0.72	250,000	September 18, 2019
\$0.26	1.59	145,000	August 4, 2020
\$0.26	2.36	900,000	May 10, 2021
\$0.15	2.82	200,000	October 24, 2021
\$0.10	8.19	600,000	March 7, 2027
\$0.10	8.23	100,000	March 24, 2027
\$0.135	3.70	600,000	September 11, 2022
\$0.14	3.75	100,000	October 12, 2022
\$0.16	3.78	500,000	November 20, 2022
\$0.315	3.90	275,000	November 22, 2022
\$0.395	3.90	500,000	November 24, 2022
\$0.72	4.01	300,000	January 2, 2023
\$0.64	4.09	50,000	January 31, 2023
\$0.37	4.16	425,000	February 27, 2023
\$0.325	4.22	125,000	March 19, 2023
\$0.265	4.26	55,000	April 3, 2023
\$0.365	4.37	125,000	May 14, 2023
\$0.34	4.39	600,000	May 22, 2023
\$0.165	4.61	50,000	August 11, 2023

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\$0.29	4.68	100,000	September 6, 2023
\$0.225	4.75	500,000	September 28, 2023
\$0.23	4.76	285,000	October 3, 2023
\$0.19	4.81	40,000	October 22, 2023
\$0.18	4.81	15,000	October 23, 2023
\$0.17	4.82	185,000	October 26, 2023
\$0.185	4.84	100,000	November 2, 2023
\$0.175	4.89	150,000	November 20, 2023
\$0.14	4.92	60,000	November 30, 2023
\$0.12	4.95	500,000	December 13, 2023
\$0.10	5.00	75,000	December 31, 2023
\$0.26	4.22 years	7,910,000	

During the period ended December 30, 2018, stock based compensation of \$283,200 was recognized on the grant of stock options. The weighted average grant date fair value of the options was \$0.14. The Company uses the Black-Scholes Option Pricing Model using the following weighted assumptions during this period: expected life – 5 years, average risk-free interest rate 2.89% - 2.46%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

During the year ended June 30, 2018, stock based compensation of \$985,317 was recognized on the grant of stock options. The weighted average grant date fair value of the options was \$0.24. The Company uses the Black-Scholes Option Pricing Model using the following weighted assumptions during this period: expected life – 5 years, average risk-free interest rate 1.63% - 2.31%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

During the year ended June 30, 2017, stock based compensation of \$105,353 was recognized on the grant of stock options. The weighted average grant date fair value of the options granted was \$0.07. The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted using the following weighted average assumptions: expected life: 8.4 years, Dividend yield: Nil, Annualized volatility: 100%, Risk-free interest rate: 1.38%.

e) Share based payment reserve

Reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

f) Loss per share

The calculation of basic and diluted loss per share for the period ended September 30, 2018, was based on the loss attributable to common shareholders of \$2,996,615 (2017 - \$842,324) and the weighted average number of common shares outstanding of 89,332,219 (2017 – 27,920,866).

9. Financial Risk and Capital Management

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:

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 primary exposure to credit risk is on its loan receivable. This risk is managed by obtaining a loan security of 13,636,363 shares of the Company owned by the borrower.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company 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.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at December 31, 2018.

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 is not exposed to significant foreign exchange risk.

Fair value

The carrying value of cash, accounts payable and short term loans approximate their fair value due to the relatively short-term nature of these instruments.

Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

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, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

10. Subsequent Events

The Company received aggregate proceeds of \$23,900 from the exercise of 30,000 common share purchase warrants and 200,000 stock options. In addition, the Company cancelled an aggregate of 725,000 stock options and granted the following stock options:

- (a) 175,000 stock options, each exercisable at \$0.10 until January 1, 2024;
- (b) 400,000 stock options, each exercisable at \$0.13 until January 8, 2024;
- (c) 700,000 stock options, each exercisable at \$0.105 until January 17, 2024;
- (d) 50,000 stock options, each exercisable at \$0.105 until January 29, 2024;
- (e) 50,000 stock options, each exercisable at \$0.10 until February 13, 2024;
- (f) 35,000 stock options, each exercisable at \$0.10 until February 19, 2024; and
- (g) 50,000 stock options, each exercisable at \$0.10 until February 27, 2024.