



# TRU•TRACE<sup>TM</sup>

Technologies

## **Condensed Consolidated Interim Financial Statements**

For the three months ended July 31, 2019

TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

(Expressed in Canadian dollars)



**TRU•TRACE**  
Technologies

TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

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TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(unaudited)

As at	Note	July 31, 2019	April 30, 2019
Expressed in Canadian dollars			
<b>Assets</b>			
Current Assets			
Cash and cash equivalents		\$ 97,671	\$ 1,163,219
Trade receivables		197,569	11,200
GST receivable		54,093	52,448
Prepays and deposits	5	130,191	115,474
		<u>479,524</u>	<u>1,342,341</u>
Non-Current Assets			
Equipment	6	20,087	21,730
		<u>\$ 499,611</u>	<u>\$ 1,364,071</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 781,721	\$ 634,619
Deferred revenue	8	126,840	-
		<u>908,561</u>	<u>634,619</u>
<b>Shareholders' Equity</b>			
Share capital	9	12,784,066	12,784,066
Contributed surplus	9	3,613,885	3,246,353
Obligation to issue shares		235,000	-
Deficit		<u>(17,041,901)</u>	<u>(15,300,967)</u>
		<u>(408,950)</u>	<u>729,452</u>
		<u>\$ 499,611</u>	<u>\$ 1,364,071</u>

Subsequent Events (Note 12)

"Robert Galarza"

Chief Executive Officer

"Jim Carter"

Director

(See Notes to the Condensed Consolidated Interim Financial Statements)



TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

<b>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited)</b>		<b>For the three months ended July 31,</b>	
Expressed in Canadian dollars	Note	<b>2019</b>	<b>2018</b>
<b>Revenues</b>			
Service revenue		\$ 48,000	\$ -
<b>Expenses</b>			
Corporate development costs		262,410	2,922,316
Depreciation	6	1,643	-
General and administrative costs		295,503	299,354
Operating costs		5,000	-
Product development costs		576,304	408,512
Salaries, subcontractors, and benefits	10	270,931	540,146
Stock-based compensation	9	367,532	2,496,562
		<b>(1,779,323)</b>	<b>(6,666,890)</b>
<b>Other income (expense)</b>			
Foreign exchange		(9,008)	(12,656)
Interest and other income		(603)	2,204
Listing expense	4	-	(2,321,019)
		<b>(9,611)</b>	<b>(2,331,471)</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (1,740,934)</b>	<b>\$ (8,998,361)</b>
<b>Loss per share</b>			
Basic/Diluted		\$ (0.02)	\$ (0.12)
<b>Weighted average number of common shares outstanding</b>		<b>80,204,382</b>	<b>72,470,420</b>

(See Notes to the Condensed Consolidated Interim Financial Statements)



TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)**

Expressed in Canadian dollars	Number of Common Shares	Share Capital	Contributed Surplus	Obligation to Issue Shares	Deficit	Total Equity
Balance at April 30, 2018	38,350,000	\$ 575,250	\$ -	\$ -	\$ (527,798)	\$ 47,452
Share issued for acquisition of the Company	6,854,382	2,056,315	-	-	-	2,056,315
Shares issued on private placement	35,000,000	10,500,000	-	-	-	10,500,000
Share issue costs	-	(342,999)	-	-	-	(342,999)
Stock-based compensation	-	-	2,496,562	-	-	2,496,562
Net loss	-	-	-	-	(8,998,361)	(8,998,361)
<b>Balance at July 31, 2018</b>	<b>80,204,382</b>	<b>\$ 12,788,566</b>	<b>\$ 2,496,562</b>	<b>\$ -</b>	<b>\$ (9,526,159)</b>	<b>\$ 5,758,969</b>
Balance at April 30, 2019	80,204,382	\$ 12,784,066	\$ 3,246,353	\$ -	\$ (15,300,967)	\$ 729,452
<b>Shares to be issued on private placement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,000</b>	<b>-</b>	<b>235,000</b>
<b>Stock-based compensation</b>	<b>-</b>	<b>-</b>	<b>367,532</b>	<b>-</b>	<b>-</b>	<b>367,532</b>
<b>Net loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,740,934)</b>	<b>(1,740,934)</b>
<b>Balance at July 31, 2019</b>	<b>80,204,382</b>	<b>\$ 12,784,066</b>	<b>\$ 3,613,885</b>	<b>\$ 235,000</b>	<b>\$ (17,041,901)</b>	<b>\$ (408,950)</b>

(See Notes to the Condensed Consolidated Interim Financial Statements)



TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

<b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)</b>	<b>For the three months ended</b>	
Expressed in Canadian dollars	<b>2019</b>	<b>July 31, 2018</b>
<b>Operating activities</b>		
Net loss for the period	\$ (1,740,934)	\$ (8,998,361)
Adjustments for:		
Depreciation	1,643	-
Interest on note receivable	-	(2,471)
Listing expense	-	2,321,019
Stock-based compensation	367,532	2,496,562
	<u>(1,371,759)</u>	<u>(4,183,251)</u>
Net changes in non-cash working capital items:		
Increase in accounts receivable	(186,369)	(64,560)
Increase in other receivables	(1,645)	-
Increase in prepaid expenses	(14,717)	(418,622)
Increase in accounts payable	147,102	58,988
Increase in deferred revenue	126,840	-
<b>Funds used in operating activities</b>	<u>(1,300,548)</u>	<u>(4,607,445)</u>
<b>Investing activities</b>		
Bank indebtedness assumed from the RTO	-	(21,270)
<b>Funds used in investing activities</b>	<u>-</u>	<u>(21,270)</u>
<b>Financing activities</b>		
Obligation to issue shares	235,000	-
Proceeds from issuance of common shares	-	10,157,001
Proceeds from loan payable	-	4,165
<b>Funds provided by financing activities</b>	<u>235,000</u>	<u>10,161,166</u>
Net increase (decrease) in cash	(1,065,548)	5,532,451
Cash, beginning of period	1,163,219	25,109
Cash, end of period	\$ 97,671	\$ 5,557,560
<b>Cash and cash equivalents consist of the following:</b>		
Cash held in banks	\$ 68,725	\$ 25,109
Guaranteed investment certificate	28,946	-
	<u>\$ 97,671</u>	<u>\$ 25,109</u>

(See Notes to the Condensed Consolidated Interim Financial Statements)



TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)  
FOR THE THREE MONTHS ENDED JULY 31, 2019  
EXPRESSED IN CANADIAN DOLLARS**

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**1. NATURE OF OPERATIONS**

TruTrace Technologies Inc. (formerly “BLOCKStrain Technology Corp.”) (the “Company” or “TruTrace”) was incorporated under the British Columbia Business Corporations Act on October 19, 2011 and is listed on the TSX Venture Exchange “TSXV”, under the trading symbol “TTT”. The head office and the records and registered office is located at L120, 2303 – 4<sup>th</sup> St SW, Calgary, AB, T2S 2S7.

TruTrace Technologies Inc. is a full-service software company that has developed the first integrated blockchain platform that registers and tracks cannabis intellectual property (“IP”) from genome to sale. It is proprietary, immutable, and cryptographically secure, thereby establishing, in a single source, an accurate, validated, and permanent accounts for cannabis strains from ownership to market.

On May 17, 2018, the Company completed its Qualifying Transaction (“the Transaction”) (Note 4), pursuant to which it acquired all of the issued and outstanding shares of BLOCKStrain Technology Group Inc. (“PrivCo”), a private company incorporated on November 22, 2017, under the laws of British Columbia.

The Company changed its name from “BLOCKStrain Technology Corp.” to “TruTrace Technologies Inc.” on April 26, 2019.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of July 31, 2019, the Company has incurred losses and generated negative cash flows from operations. The Company’s ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary financing to continue operations, and ultimately the attainment of profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These condensed consolidated interim financial statements have been 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 Standards (“IAS”) 34, Interim Financial Reporting.

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions occurring since PrivCo’s last fiscal year end and they do not include all of the information required in PrivCo’s most recent annual financial statements. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as PrivCo’s annual financial statements and should be read in conjunction with PrivCo’s annual financial statements for the year ended April 30, 2019, which were prepared in accordance with IFRS as issued by IASB. There have been no changes in judgment or estimates from those disclosed in the consolidated financial statements for the year ended April 30, 2019 except for the adoption of IFRS 16.



TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)  
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## **2. BASIS OF PRESENTATION (CONT'D)**

### **Statement of Compliance (cont'd)**

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of September 23, 2019.

### **Basis of Measurement**

The condensed consolidated interim financial statements have been prepared on a historical cost basis; modified where applicable.

### **Presentation Currency**

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

### **Use of Estimates and Judgements**

The preparation of condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **New standard IFRS 16 *Leases***

The Company has adopted the new IFRS pronouncement as at May 1, 2019 in accordance with the transitional provisions of the standard and as described below. The adoption of this new IFRS pronouncement has not resulted in any adjustments to previously reported figures.

On January 13, 2016, the IASB issued IFRS 16. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 - Leases ("IAS 17"). This 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. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. At May 1, 2019, the Company adopted this standard and there was no material impact on the Company's condensed interim financial statements as the Company has no material lease contracts that fall under IFRS 16.





TruTrace Technologies Inc. (formerly BLOCKStrain Technology Corp.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)  
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**4. REVERSE TAKEOVER**

On May 17, 2018, the Company completed its Qualifying Transaction whereby each outstanding share of PrivCo was exchanged, on a one for one basis, for the issued and outstanding common shares of the Company, with PrivCo becoming a wholly-owned subsidiary of the Company.

The Transaction constituted a reverse takeover of the Company by the shareholders of PrivCo but did not meet the definition of a business combination as defined under IFRS 3. As such, the Transaction is accounted under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense. Since PrivCo is deemed to be the accounting acquirer for accounting purposes, these financial statements present the historical financial information of PrivCo up to the date of the Transaction.

The fair value of the consideration issued for the net assets of the Company is as follows:

Fair value of shares issued (6,854,382 @ \$0.30)	\$	2,056,315
Fair value of net liabilities		
Prepaid deposits		32,750
Bank indebtedness		(21,270)
Accounts payable		(276,184)
		<u>(264,704)</u>
Listing expense	\$	<u>2,321,019</u>

**5. PREPAIDS AND DEPOSITS**

	<b>July 31, 2019</b>	<b>April 30, 2019</b>
Prepays	\$ <b>82,054</b>	\$ 67,337
Deposits	<b>48,137</b>	48,137
Total prepaids and deposits	<b>\$ 130,191</b>	\$ 115,474

Prepays consist of \$47,840 of prepaid consulting services, \$31,991 of prepaid insurance expense, and \$2,223 of other prepaid expenses.

During the year ended April 30, 2019, the Company paid a \$100,010 deposit towards a subscription agreement with Integral Genomics Inc. (formerly "BC Better Genetics Corporation"). As at April 30, 2019, the agreement had expired, and the deposit paid is considered a (pre)payment for expenses incurred. As at April 30, 2019, the deposit balance was impaired to the balance outstanding and owing to Integral Genomics Inc. in accounts payable.



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**6. EQUIPMENT**

	<b>July 31, 2019</b>	April 30, 2019
Equipment	\$ 26,563	\$ 26,563
Depreciation	(6,476)	(4,833)
Net carrying value	\$ 20,087	\$ 21,730

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>July 31, 2019</b>	April 30, 2019
Accounts payable	\$ 760,229	\$ 596,552
Accrued liabilities	21,492	38,067
Total accounts payable and accrued liabilities	\$ 781,721	\$ 634,619

**8. DEFERRED REVENUE**

As at July 31, 2019, the Company had deferred revenue of \$126,840. This deferred revenue is in relation to work done to create infrastructure and integrate existing systems with those of the Company for a customer. This revenue will be recognized upon the completion of the lab work that was included in the service agreement.

**9. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of common shares and preferred shares without par value.

**Common shares issued**

	<b>Number of Common Shares</b>	<b>Amount</b>
Balance at April 30, 2018	38,350,000	\$ 575,250
Shares issued for acquisition of the Company <sup>(1)</sup>	6,854,382	2,056,315
Shares issued for cash, less share issuance costs <sup>(2)</sup>	35,000,000	10,152,501
Balance at April 30, 2019	80,204,382	12,784,066
<b>Balance at July 31, 2019</b>	<b>80,204,382</b>	<b>\$ 12,784,066</b>

1. On May 17, 2018, the Transaction (Note 4) was completed and the Company issued 6,854,382 shares
2. On May 17, 2018, concurrent with the Transaction, the Company issued 35,000,000 common shares for proceeds of \$10,500,000. The Company incurred \$512,964 in share issuance costs and a subscription receivable of \$4,500 was cancelled.



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**9. SHARE CAPITAL (CONT'D)**

**Contributed Surplus**

	<b>Amount</b>
Balance at April 30, 2018	\$ -
Stock-based compensation expense	3,246,353
Balance at April 30, 2019	3,246,353
<b>Stock-based compensation expense</b>	<b>367,532</b>
<b>Balance at July 31, 2019</b>	<b>\$ 3,613,885</b>

**Options**

The Company has adopted a stock option plan where it may issue a maximum of 16,000,000 options. Under the terms of the stock option plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Company; and (ii) employees, officers, directors, and consultants of an affiliate of the Company.

Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>
May 18, 2023	\$ 0.30	3.80	11,650,000	11,650,000
September 28, 2023	0.30	4.16	600,000	200,000
April 11, 2024	0.36	4.70	500,000	-
May 7, 2024	0.26	4.77	500,000	500,000
May 10, 2024	0.245	4.78	150,000	150,000
July 30, 2024	\$ 0.25	5.00	1,500,000	500,004
			<b>14,900,000</b>	<b>13,000,004</b>

On May 18, 2018, the Company issued 12,750,000 stock options to employees and directors of the Company. 12,600,000 of these options vested on September 19, 2018, with another 150,000 vesting over a twelve month from the date of the grant. The exercise price of these options is \$0.30, and they expire on May 18, 2023. On September 18, 2,750,000 options that were set to vest on September 19, 2018 were extended to vest on January 19, 2019.

On September 28, 2018, the Company issued 700,000 stock options to employees. 233,334 of these options vested upon grant, 233,333 vest on September 28, 2019 and 233,333 vest on September 28, 2020. The exercise price of these options is \$0.30, and they expire on September 28, 2023.



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**9. SHARE CAPITAL (CONT'D)**

**Options (cont'd)**

On April 11, 2019, the Company issued 500,000 stock options to employees. These options vest on August 12, 2019. The exercise price of these options is \$0.36, and they expire on April 11, 2024.

On May 7, 2019, the Company issued 500,000 stock options to an employee. These options vested upon grant. The exercise price of these options is \$0.26, and they expire on May 7, 2024.

On May 10, 2019, the Company issued 150,000 stock options to an employee. These options vested upon grant. The exercise price of these options is \$0.245, and they expire on May 10, 2024.

On July 30, 2019, the Company issued 1,500,000 stock options to employees and directors of the Company. 500,004 of these options vested upon grant, with another 499,998 vesting on the first anniversary of the grant, and the remaining 499,998 vesting on the second anniversary of the grant. The exercise price of these options is \$0.25, and they expire on July 30, 2024.

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Outstanding at April 30, 2018	-	\$ -
Granted	13,950,000	0.30
Forfeited	(1,166,666)	0.30
Outstanding at April 30, 2019	12,783,334	0.30
<b>Granted</b>	<b>2,150,000</b>	<b>0.25</b>
<b>Forfeited</b>	<b>(33,334)</b>	<b>0.30</b>
<b>Outstanding at July 31, 2019</b>	<b>14,900,000</b>	<b>\$ 0.30</b>
<b>Exercisable at July 31, 2019</b>	<b>13,000,004</b>	<b>\$ 0.30</b>

During the three months ended July 31, 2019, 33,334 options were forfeited.

During the three months ended July 31, 2019, the Company recorded \$367,532 in stock-based compensation, based on the fair values of stock options granted which were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

<b>For the three months ended July 31,</b>	<b>2019</b>	<b>2018</b>
Risk free interest rate	<b>1.47%-1.62%</b>	1.59%-2.30%
Expected volatility	<b>112.73%-119.08%</b>	118.84%-123.65%
Expected life	<b>5 years</b>	5 years
Expected dividend yield	<b>0%</b>	0%
Exercise price	<b>\$ 0.245-0.26</b>	\$ 0.30-0.36



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**9. SHARE CAPITAL (CONT'D)**

**Escrowed Securities**

As part of the Transaction (Note 4), common shares of the Company were subject to voluntary escrow and regulatory resale restrictions. As at July 31, 2019, there were 23,010,000 (April 30, 2019 – 28,762,500) common shares held in escrow.

**10. RELATED PARTY TRANSACTIONS**

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three months ended July 31, 2019 is set out below:

For the three months ended July 31,	2019	2018
Director fees	\$ 9,000	\$ -
Salaries, subcontractors, and benefits	114,000	125,923
Stock-based compensation	69,328	808,610
	\$ 192,328	\$ 934,533

**Corporate Development Costs**

On June 1, 2018, the Company entered into a master services agreement with a company controlled by a director to provide marketing, web development, planning, patent work, administrative services, and facilitation and negotiation services. For the three months ended July 31, 2019, the Company incurred fees of \$37,500 (July 31, 2018 – \$246,305). As at July 31, 2019, the Company was indebted to this company in the amount of \$16,547 (April 30, 2019 - \$Nil) which was included in accounts payable and accrued liabilities.

**Product Development Costs**

On January 19, 2018, the Company entered into a master services agreement and a statement of work to develop the initial phases of the product development strategy necessary to launch the TruTrace platform. The Company shares an officer with the service provider. For the three months ended July 31, 2019, the Company incurred fees of \$576,304 (July 31, 2018 - \$408,512). As at July 31, 2019, the Company was indebted to the service provider by \$95,119 (April 30, 2019 - \$97,683).

**Other**

As at July 31, 2019, \$Nil (April 30, 2019 - \$9,345) of expense reimbursements were due to a former director of the Company. As at April 30, 2019, it was included in accounts payable and accrued liabilities.

As at July 31, 2019, a note receivable of \$113,178 (April 30, 2019 - \$113,178) was due from a company controlled by a director of the Company. As at April 30, 2019, the Company impaired the balance of \$113,178.



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)  
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## 10. RELATED PARTY TRANSACTIONS (CONT'D)

### Executive and Board Compensation

Key management includes the executive officers of the Company.

The following summary table indicates the compensation earned during the three months ended July 31, 2019 and 2018 by the CEO, CFO, and CTO, excluding payments to the accounting firm for accounting services which include a portion of the CFO compensation, disclosed above. Not included in compensation expense are amounts paid to persons previously filling executive roles through consulting arrangements.

	<b>Number of Options Granted</b>	<b>Share-Based Payment Expense</b>	<b>Salary</b>	<b>Total</b>
2018	1,600,000	\$ 237,850	\$ 125,923	\$ 363,773
<b>2019</b>	<b>450,000</b>	<b>\$ 30,123</b>	<b>\$ 90,000</b>	<b>\$ 120,123</b>

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company's cash and cash equivalents are classified as Level 1 whereas trade receivables are classified as Level 2.

The Company's accounts payable and accrued liabilities are classified as Level 2.

The fair value of cash, trade receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments.



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## **12. SUBSEQUENT EVENTS**

On August 22, 2019, the Company closed a first tranche (the “First Tranche”) of the non-brokered private placement (the “Financing”). The First Tranche consisted of 2,040,000 units (each, a “Unit”) of the Company at a price of \$0.25 per Unit for gross proceeds of \$510,000, which includes the advance of \$235,000 received on July 29, 2019. Each Unit consists of one common share and one non-transferable common share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.30 per common share for a period of three years from the closing of the Financing.

On September 13, 2019, the Company closed a second tranche (the “Second Tranche”) of the Financing. The Second Tranche consisted of 840,950 units (each, a “Unit”) of the Company at a price of \$0.25 per Unit for gross proceeds of \$210,237.50. Each Unit consists of one common share and one non-transferable Warrant. Each Warrant entitles the holder to purchase one additional common share at a price of \$0.30 per common share for a period of three years from the closing of the Financing.