iSIGN Media Solutions Inc.

Consolidated Financial Statements
For the Years Ended April 30, 2018 and 2017
Expressed in Canadian Dollars

iSIGN MEDIA SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS APRIL 30, 2018 and 2017

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of iSIGN Media Solutions Inc.

We have audited the accompanying consolidated financial statements of iSIGN Media Solutions Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at April 30, 2018, and the consolidated statement shareholders' equity (deficiency), consolidated statement of loss and comprehensive loss, and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of iSIGN Media Solutions Inc. and its subsidiaries as at April 30, 2018 their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that iSIGN Media Solutions Inc. had continuing losses during the year ended April 30, 2018 and a cumulative deficit and working capital deficiency as at April 30, 2018. These conditions along with other matters set forth in Note 2 indicate the existence of material uncertainties that cast significant doubt about the ability of iSIGN Media Solutions Inc. to continue as a going concern.

Continued…

Comparative Information

Without qualifying our opinion, we draw attention to Note 22 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended April 30, 2017, has been restated and that the comparative information presented as at April 30, 2016, has been restated.

The consolidated financial statements of iSIGN Media Solutions Inc. as at and for the years ended April 30, 2017 and 2016, excluding the restatement described in Note 22 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on August 25, 2017.

As part of our audit of the consolidated financial statements as at and for the year ended April 30, 2018, we audited the restatement described in Note 22 to the consolidated financial statements that was applied to restate the comparative information presented as at and for the year ended April 30, 2017, and as at April 30, 2016. In our opinion, the restatement is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the April 30, 2017 consolidated financial statements, April 30, 2016 consolidated financial statements (not presented herein) or the April 30, 2016 consolidated statement of financial position, other than with respect to the restatement described in Note 22 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
August 28, 2018

iSIGN Media Solutions Inc.
Consolidated Statements of Financial Position
As at April 30, 2018 and April 30, 2017
Expressed in Canadian Dollars

	[Notes]	2018	2017 Restated (Note 22)	2016 Restated (Note 22)
Assets				
Current assets				
Cash		$ 7,736	$ 5,292	$ 4,758
Restricted cash	[6]	10,000	10,000	10,000
Accounts receivable (net of allowance of $161,022, 2017 - $Nil)		-	177,778	1,159
Other receivable		-	60,000	-
Sales taxes recoverable		17,721	48,283	94,496
Inventories	[7,18.vi]	-	-	1,270,239
Prepaid expenses and deposits		15,902	11,583	13,980
Total current assets		51,359	312,936	1,394,632
Non-current assets				
Property and equipment	[9]	11,334	15,595	30,389
Intangible assets	[10]	56,917	60,615	4,102,639
Total non-current assets		68,251	76,210	4,133,028
Total assets		$ 119,610	$ 389,146	$ 5,527,660
Liabilities				
Current liabilities				
Bank indebtedness	[11]	$ -	$ 24,000	$ 17,000
Accounts payable and accrued liabilities	[18]	2,300,443	2,329,592	1,889,110
Advances	[12, 18xiv, xvi, xviii]	98,000	269,700	93,000
Provisions	[21]	99,400	99,400	99,400
Notes payable	[13, 18iii, xvii]	636,783	60,000	60,000
Convertible notes payable	[14, 18iv, x, xi, xii, xviii]	832,346	543,580	360,000
Deferred revenue		-	6,236	-
Total current liabilities		3,966,972	3,332,508	2,518,510
Non-current liabilities				
Convertible note payable	[14i,18iv]	318,080	289,133	-
Total liabilities		4,285,052	3,621,641	2,518,510
Shareholders' deficiency				
Share capital	[15.a]	13,662,659	13,389,506	13,235,286
Warrants	[15.d]	2,539,463	2,935,963	3,685,963
Contributed surplus	[16]	8,108,873	7,700,898	6,776,231
Convertible debenture conversion option		115,500	97,500	22,000
Deficit		(28,591,937)	(27,356,362)	(20,710,330)
Total shareholders' deficiency		(4,165,442)	(3,232,495)	3,009,150
Total liabilities and shareholders' deficiency		$ 119,610	$ 389,146	$ 5,527,660

Going Concern [Note 2]; Commitments and Contingencies [Note 21]
Approved by the board

"A. Romanov" *"B. Reilly"*

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Director Director

The accompanying notes form an integral part of these consolidated financial statements.

iSIGN Media Solutions Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended April 30, 2018 and April 30, 2017

Expressed in Canadian Dollars

		Share Capital		Warrants					
	[Notes]	Number	Amount $	Number	Amount $	Contributed Surplus $	Deficit $	Convertible Debenture Conversion Option $	Total Shareholders' Equity (Deficiency) $
Balance at April 30, 2016 (Restated – Note 22)		107,005,555	13,235,286	26,443,870	3,685,963	6,776,231	(20,710,330)	22,000	3,009,150
Issuance of common shares in exchange for debt	[15.a]	1,384,614	154,220	-	-	-	-	-	154,220
Conversion option write-off		-	-	-	-	-	22,000	(22,000)	-
Convertible debenture conversion option		-	-	-	-	-	-	97,500	97,500
Transfer to contributed surplus:									
Ascribed value of expired warrants	[15.d,16]	-	-	(3,000,000)	(750,000)	750,000	-	-	-
Share-based compensation	[15.c]	-	-	-	-	174,667	-	-	174,667
Net loss		-	-	-	-	-	(6,668,032)	-	(6,668,032)
Balance at April 30, 2017 (Restated – Note 22)		108,390,169	13,389,506	23,443,870	2,935,963	7,700,898	(27,356,362)	97,500	(3,232,495)
Issuance of common shares in exchange for debt	[15.a]	1,952,471	183,998	-	-	-	-	-	183,998
Issuance of common shares as a share bonus	[15.a]	1,126,312	89,155	-	-	-	-	-	89,155
Convertible debenture conversion option		-	-	-	-	-	-	18,000	18,000
Ascribed value of expired warrants	[15.d, 16]	-	-	(2,700,000)	(396,500)	396,500	-	-	-
Share-based compensation	[15.c]	-	-	-	-	11,475	-	-	11,475
Net loss		-	-	-	-	-	(1,235,575)	-	(1,235,575)
Balance at April 30, 2018		111,468,952	13,662,659	20,743,870	2,539,463	8,108,873	(28,591,937)	115,500	(4,165,442)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2018 and April 30, 2017
Expressed in Canadian Dollars

	[Notes]		2018		2017 (Restated Note 22)
Revenues					
Sales		$	15,517	$	194,685
Service			3,083		9,943
Total revenue			18,600		204,628
Cost of Sales			34,225		152,120
Gross Profit			(15,625)		52,508
Expenses					
Amortization - intangible assets	[10]		3,698		871,195
Bad debt allowance			161,022		-
Depreciation – property and equipment	[9]		4,261		6,024
General and administration	[27]		722,002		1,326,484
Research and development			99,500		32,500
Interest			169,165		94,334
Gain on disposal of property			-		(258)
Selling and marketing	[26]		9,589		54,597
Accretion interest			56,713		40,713
Impairment of inventories	[7]		-		1,162,622
Impairment of intangibles	[10]		-		3,170,829
Total expenses			1,225,950		6,759,040
Net loss before income tax		$	(1,241,575)	$	(6,706,532)
Deferred tax recovery	[17]		(6,000)		(38,500)
Net loss and comprehensive loss for the year		$	(1,235,575)	$	(6,668,032)
Loss per share (basic and diluted)	[19]		(0.01)		(0.06)
Weighted average number common shares outstanding (basic and diluted)	[19]		110,246,817		107,649,348

The accompanying notes form an integral part of these consolidated financial statements.

Expressed in Canadian Dollars

	[Notes]	2018	2017 (Restated Note 22)
Net (outflow) inflow of cash related to the following activities:			
Operating			
Net loss		$ (1,235,575)	$ (6,668,032)
Adjustments for non-cash items:			
Depreciation – property and equipment	[9]	4,261	6,024
Amortization – intangible assets	[10]	3,698	871,195
Stock-based compensation	[15.c]	11,475	174,667
Impairment – intangible assets	[10]	-	3,170,829
Impairment - inventories	[7]	-	1,162,622
Accretion interest	[13, 14]	121,951	40,713
Deferred tax recovery	[17]	(6,000)	(38,500)
Gain on disposal of property		-	(258)
		(1,100,190)	(1,280,740)
Net change in non-cash working capital	[25]	319,634	583,701
Net cash used in operating activities		$ (780,556)	$ (697,039)
Financing			
Advances	[18xiv, xviii]	$ 60,000	$ 198,700
Issuance of note payable	[13ii, 18xvi]	462,000	-
Issuance of convertible note payable	[14ii, iii, iv, v]	285,000	508,000
Repayment of advances		-	(22,000)
Proceeds of disposal of property		-	5,873
Net cash provided by financing activities		$ 807,000	$ 690,573
Change in cash		$ 26,444	$ (6,466)
Cash (bank indebtedness) – beginning of year		(18,708)	(12,242)
Cash (bank indebtedness) – end of year		$ 7,736	$ (18,708)
Cash position consists of:			
Cash (defined as unrestricted bank balances)		$ 7,736	$ 5,292
Bank indebtedness	[11]	-	(24,000)
		$ 7,736	$ (18,708)
Supplemental Information:			
Shares issued in settlement of debt		$ 183,998	$ 154,220
Shares issued as a bonus in lieu of cash interest		89,155	-

The accompanying notes form an integral part of these consolidated financial statements.

1. Description of Business

iSIGN Media Solutions Inc. ("iSIGN" or the "Company") was incorporated under the laws of Ontario on May 15, 2007. On April 8, 2008, the Company was listed on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company as defined in the Exchange's Policy 2.4, "Capital Pool Companies". On September 3, 2009, the Company completed its Qualifying Transaction, as defined in the Exchange's policy 2.4, by acquiring all of the issued and outstanding shares of iSIGN Media Corp. ("iSIGN Media"). The Corporation's head office is located at 45A West Wilmot Street, Unit 3 in Richmond Hill, Ontario, L4B 2P2.

iSIGN is a data focused Software-as-a-Service ("SaaS") company in the areas of location-based security alert messaging and proximity marketing utilizing Bluetooth® and Wi-Fi connectivity. Creators of the Smart suite of products, a patented interactive proximity marketing technology, iSIGN enables the delivery of messages to mobile devices, with real-time reporting and analytics.

2. Going Concern

While these consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, certain material uncertainties and events cast significant doubt upon the validity of this assumption. As at the year ended April 30, 2018, the Company has incurred significant losses since its inception in the amount of $28,591,937 (April 30, 2017 - $27,356,362). As at the year ended April 30, 2018, the Company reported a working capital deficiency of $3,915,613 (April 30, 2017 - $3,019,572).

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and to raise capital through equity or debt financing until such time as the Company can support its activities through its own cash flow. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported loss and comprehensive loss and the statement of financial position classifications used. The financial statement items most likely to be subject to adjustment would be inventories and intangible assets.

3. Basis of Preparation

Statement of Compliance
These consolidated financial statements, including comparatives, have been consistently prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2018.

Basis of Measurement
These consolidated financial statements have been prepared on the basis of historical costs.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency
These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

3. Basis of Preparation – continued

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, iSIGN Media Corp., iSIGN Media Network Corp. and Pinpoint Commerce Inc.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Use of Estimates and Judgments
The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates and these differences could be material.

Intangible assets – The Company has capitalized certain costs to internally generated intangible assets related to intellectual property development; for costs incurred for a US patent that the Company has been awarded, as well as for patents in other jurisdictions that the Company is pursuing; and to the cost of obtaining certain contracts through a deferred share-based payment. Judgment is required in identifying whether a particular project can be properly classified as being in the development phase or not. In addition, judgment is required in order to identify and reliably measure the expenditures attributable to these development initiatives.

Inventories – The Company carries inventory on its accounts at the lower of cost and net realizable value. Judgment is required to evaluate when a write-down of inventory might be necessary and is required in the evaluation of available data to determine net realizable value.

Accounts receivable – The Company carries trade accounts receivable at cost net of an allowance for doubtful accounts which provides for any uncertainty of collection. Judgment is required on the evaluation of future probable events that might impact a customer’s ability or intention to make full payment of these accounts.

Provisions – Provisions necessarily involve extensive judgment about the impact that a past event may have on future outlays and what amount would be required to be recorded in the current period to adequately reflect the obligation at the end of the reporting period.

Depreciation - Depreciation is calculated to amortize the cost, less estimated residual value, of property and equipment on a declining balance or a straight-line basis over their expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including vendors, industry practice, and company-specific history (Note 9).

Amortization - Amortization is calculated to amortize the cost of intangible assets on a straight-line basis over their expected useful lives. Useful lives are based on data and information from industry practice and company-specific history (Note 10).

3. Basis of Preparation – continued

Use of Estimates and Judgments – continued

Impairment - The determination of whether indicators of impairment exist and the aggregation of assets into cash generating units ("CGUs") based on their ability to generate independent cash flows is subject to management's judgment. The recoverable amounts used for impairment calculations require estimates of future cash flows related to the assets or CGUs and estimates of discount rates applied to these cash flows.

The Company reviews impairment based on the following:

Intangible assets (Note 10)	- Whenever there are indicators of impairment
Property and equipment (Note 9)	- Whenever there are indicators of impairment
Goodwill	- Whenever there are indicators of impairment

Revenue recognition - When deciding the most appropriate basis for presenting revenue or direct costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires principal revenue to comprise the gross value of the transaction billed to the customer with any related expenditure charged as direct cost of principal revenue. Where the Company's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue representing the margin earned.

Share-based payments - Management is required to make certain estimates when determining the fair value of stock option awards, the number of awards that are expected to vest, and warrants related to deferred stock-based payments. These estimates affect the amount recognized as share-based payments in the consolidated statements of loss, and the amounts ascribed to warrants in the statements of financial position (Note 15).

Income, value added, withholding and other taxed – The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, valued added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Compound financial instrument – The Company has entered into convertible debentures as described in Note 14. The fair value of the conversion option is estimated at the date of the transaction as the value of a similar liability that does not have an equity conversion option. Assumptions are made, and judgments are used in applying valuation techniques. Such judgement is inherently uncertain. Changes in the valuation assumptions could materially affect the fair value estimates of the liability and equity components of the convertible debentures.

4. Significant Accounting Policies

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred or assumed by the Company, and equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs, other than those related to the issue of debt or equity securities, are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value as applicable, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and,
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any don-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of loss.

Revenue recognition

Revenue in the ordinary course of business is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the product has been shipped or the services have been provided to the customer, the sales price is fixed and determinable and collectability is reasonably assured. Deferred revenue represents amounts invoiced but not earned as of the end of the period. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each major category of revenue:

<u>Equipment</u> - Revenues from the sale of equipment are recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled.

4. Significant Accounting Policies – continued

Revenue Recognition - continued

Data management/broadcast software licensing - Revenue is recognized on a monthly basis over the life of the contract.

Data revenue - Revenue is recognized upon delivery of the contracted data.

Multiple-element arrangements - The Company enters into transactions that represent multiple-element arrangements which may include a combination of equipment and software licensing. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purposes of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. This vendor specific objective evidence of fair value is established through the price charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Intangible assets

The Company's intangible assets including their estimated useful lives and amortization rates are as follows:

Internally-generated intangible assets	
Technology Development Costs	- 10 to 20 years
Technology Development Costs – not yet available for use	- to be determined
Data Network Development Costs – not yet available for use	- to be determined
Patents	- 20 years
Other intangible assets	
Deferred Share-based Payment	- life of the contract
Reacquired rights through a business combination	- remaining life of the contract

Certain technology development costs included as part of the internally-generated intangible assets have been assessed as having a finite useful life. The finite useful life was determined to be related to the life of the U.S. Patent that protects this technology, which expires in November 2027. The estimated useful lives and amortization methods are reviewed at each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

4. Significant Accounting Policies – continued

Intangible assets – continued

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets - research and development expenditures – continued

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Further, the intangible asset is evaluated to determine if it has a finite or indefinite life. If the asset has a finite life, the estimated useful life is determined when the asset is available for use. Intangible assets that have an indefinite life are not subject to amortization. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories include all costs to purchase, assemble and to bring the inventories to their present location and condition on an average cost basis.

Under certain contracts with customers the Company transfers its products to the customers' locations but retains ownership of the equipment. In these circumstances the cost of the inventory is transferred to property and equipment. Such equipment consists of Smart Antennas and related hardware.

When a contract expires, Company equipment at customers' locations is retrieved and returned to the Company's warehouse at carried cost that is the cost less accumulated depreciation of the property. Incidental costs including transfer costs to and from the customer and maintenance costs are expensed in the period the costs are incurred.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is charged so as to amortize the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

Smart Antennas	- 30% declining balance
Furniture and Fixtures	- 10% declining balance
Computer Equipment	- 30% declining balance
Leasehold Improvements	- Over the term of the lease

4. Significant Accounting Policies – continued

Property and equipment - continued

Products transferred from the Company's inventory to customers' locations, which remain the property of the Company, are transferred to the Company's equipment at the inventory carrying cost. Equipment is depreciated commencing from the power-on date of the equipment.

Impairment

Financial assets - A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the asset is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of loss.

Non-financial assets - At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets (intangible assets and property and equipment) to determine whether there is any indication that those assets have suffered an impairment loss. Indefinite life intangibles are assessed annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGUs’ for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss.

Income taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of loss except to the extent it relates to items recognized in other comprehensive loss or directly in shareholders' deficiency.

Current Income Tax - Current tax expense is the expected tax payable or receivable based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates

4. Significant Accounting Policies – continued

Income taxes – continued

positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax - Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statements of financial position and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred Tax Liabilities - (i) are generally recognized for all taxable temporary differences; (ii) are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the differences will not reverse in the foreseeable future; and (iii) are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred Tax Assets - (i) are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and (ii) are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to owners of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings (loss) and number of shares for the effects of dilutive options, and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. It is assumed that the proceeds upon the exercise of stock options, warrants and convertible debentures are used to purchase common shares of the Company at the average market price during the reporting period. All stock options, warrants and convertible debentures as at April 30, 2018 and 2017 are considered anti-dilutive as the Company is in a loss position.

Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees, directors, officers, and contractors as consideration for equity instruments of the Company.

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

4. Significant Accounting Policies – continued

Share-based payments - continued

When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Foreign currency translation

Transactions in currencies other than the Company's functional currency (foreign currency) are recognized at the exchange rates in effect on the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses on monetary items are recognized in the consolidated statement of loss.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies financial instruments as either held-to-maturity, available-for-sale, fair value through profit or loss (“FVTPL”), loans and receivables, or other financial liabilities. Financial assets held to maturity, loans and receivables and other financial liabilities, are measured at amortized cost. Available-for-sale instruments are measured at fair value unless they are unlisted with no active market. In that case, they are measured at cost. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the consolidated statement of loss.

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Significant Accounting Policies – continued

Financial instruments - continued

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below; their classification depends on the purpose for which the financial instruments were required or issued, their characteristics and the Company's designation of such instruments.

The Company had made the following classifications: (i) cash and restricted cash, accounts receivable and other receivables are classified as loans and receivables and are recorded at amortized cost; and, (ii) Bank indebtedness, accounts payable and accrued liabilities, advances, notes payable and convertible notes payable are classified as other liabilities and measured at amortized cost using the effective interest method.

Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

> Loans Receivable - Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include cash, restricted cash, accounts receivable and other receivables.
>
> Available-for-Sale Financial Assets - Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.
>
> Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in loss
>
> Other Financial Liabilities - Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. Liabilities in this category include bank indebtedness, accounts payable and accrued liabilities, advances, notes payable and convertible notes payable.
>
> Equity Instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

4. Significant Accounting Policies – continued

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes payable that can be converted to share capital at the option of the holder, where the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the estimated fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The Company currently has no other forms of equity authorized or issued other than common share ownership.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. Recent Accounting Pronouncements

Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after May 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment

5. Recent Accounting Pronouncements – continued

Future Accounting Changes - continued

transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credit or tax rates. IFRIC 23 is effective for annual period beginning on or after January 1, 2019. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however, early adoption is permitted.

IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of

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5. Recent Accounting Pronouncements – continued

Future Accounting Changes - continued

initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

Accounting Changes in the Year

During fiscal 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 12, IAS 7 and IAS 12. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

6. Restricted Cash

Restricted cash consists of cash on deposit with the Company's bank as security for the Company's line of credit and credit card. The amount on deposit earned interest calculated at 0.5% annually from May 1, 2016 to April 30, 2018 and is refundable to the Company upon cancellation of the line of credit and/or credit card, or when the Company provides alternative acceptable security in support of the line and credit card.

7. Inventories

The Company's inventories consist of purchased Smart Antennas.

Under International Accounting Standards ("IAS") 2, Inventories, the Company is required to measure its inventory at the lower of carrying value and net realizable value and where there is a difference, to record a provision. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows.

	Notes	2018	April 30 2017
Balance beginning of year		$ -	$ 1,270,239
Transferred to sales and marketing		-	3,154
Transferred to cost of sales		-	(110,771)
Impairment		-	(1,162,622)
Balance end of year		$ -	$ -

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7. Inventories - continued

Due to the uncertainty surrounding the nature, extent and timing of future cash flows from the Company's Smart Antenna technology, the Company determined during fiscal 2017 that an impairment loss should be recorded to bring the carrying value of its Inventories to $Nil. The resulting impairment loss is $Nil (April 30, 2017 - $1,162,622). See Note 22.

8. Segmented Information

The Company's operations fall into one business segment, namely the providing of location-based interactive proximity advertising. The Company considers that its revenue and accounts receivable fall into one geographic area-North America.

9. Property and Equipment

	Smart Antennas	Furniture and Fixtures	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$	$
Cost					
Balance April 30, 2016	12,433	31,080	46,358	8,733	98,604
Disposals	-	(8,481)	(4,354)	-	(12,835)
Transfer to inventory	(12,433)	-	-	-	(12,433)
Balance April 30, 2017	-	22,599	42,004	8,733	73,336
Disposals	-	-	-	-	-
Balance April 30, 2018	-	22,599	42,004	8,733	73,336
Accumulated amortization					
Balance April 30, 2016	8,533	13,352	40,362	5,968	68,215
Depreciation	746	1,640	1,892	1,746	6,024
Disposals	-	(3,591)	(3,628)	-	(7,219)
Transfer to inventory	(9,279)	-	-	-	(9,279)
Balance April 30, 2017	-	11,401	38,626	7,714	57,741
Depreciation	-	1,120	2,122	1,019	4,261
Balance April 30, 2018	-	12,521	40,748	8,733	62,002
Net book value					
Balance April 30, 2017	-	11,198	3,378	1,019	15,595
Balance April 30, 2018	-	10,078	1,256	-	11,334

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10. Intangible Assets

	Internally-generated			Other		
	Technology Development Costs	Data Network Development Costs	Patents	Reacquired Rights	Deferred Share-based Payment	Total
	$	$	$	$	$	$
Cost						
Balance April 30, 2016	1,187,012	1,801,835	73,960	1,600,000	750,000	5,412,807
Additions	-	-	-	-	-	-
Balance April 30, 2017	1,187,012	1,801,835	73,960	1,600,000	750,000	5,412,807
Additions	-	-	-	-	-	-
Balance April 30, 2018	1,187,012	1,801,835	73,960	1,600,000	750,000	5,412,807
Accumulated amortization						
Balance April 30, 2016	129,044	-	9,647	552,727	618,750	1,310,168
Amortization	38,065	-	3,698	698,182	131,250	871,195
Balance April 30, 2017	167,109	-	13,345	1,250,909	750,000	2,181,363
Amortization	-	-	3,698	-	-	3,698
Balance April 30, 2018	167,109	-	17,043	1,250,909	750,000	2,185,061
Impairment losses, 2017	1,019,903	1,801,835	-	349,091	-	3,170,829
Net book value						
Balance April 30, 2017	-	-	60,615	-	-	60,615
Balance April 30, 2018	-	-	56,917	-	-	56,917
Remaining amortization period (in months)			119 to 212			

Due to the uncertainty surrounding the nature, extent and timing of future cash flows from the Company's Smart Antenna and Smart Player technologies, the Company determined during fiscal 2017 that an impairment loss should be recorded to bring the carrying value of its Technology Development Costs, Data Network Development Costs and Reacquired Rights to $Nil. The resulting impairment loss is $Nil (April 30, 2017 - $3,170,829). See Note 22.

11. Bank Indebtedness

The Company has an available operating line of credit of $25,000 (April 30, 2017 - $25,000), which bears interest at bank prime plus 1.80%. As at April 30, 2018, the Company has utilized $Nil (April 30, 2017 - $24,000). The line of credit is secured with a general security agreement covering all the property of the Company.

Expressed in Canadian Dollars

12. Advances

The Company classifies funds received with no agreed upon rate of interest and terms of repayment as advances.

	[Notes]		Amount
Balance April 30, 2016		$	93,000
Additions	18.xiv		198,700
Repayments			(22,000)
Balance, April 30, 2017		$	269,700
Additions	18.xviii		60,000
Converted to shares	15.a.(v)		(33,000)
Converted to notes payable	13.ii		(198,700)
Balance, April 30, 2018		$	98,000

13. Notes Payable

i) On March 13, 2015, the Company entered into a secured $100,000 note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, at an interest rate of 8% compounded monthly, due and payable July 30, 2015. On June 29, 2015, the Company repaid $40,000 against the outstanding $100,000. The Company and the note holder have agreed to further extend the due date of the remaining $60,000 to December 31, 2018 at 8% interest compounded monthly (Note 18.iii).

ii) On August 8, 2017, the Company entered into a secured $600,700 note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, of which $198,700 was received during the year ended April 30, 2017 and was recorded under Advances (Note 18.xvi). The note included the issuance of a 15% bonus paid in common shares of the Company, based upon the value of the note and utilizing a share price of $0.08 in lieu of cash interest payments (Note 15.a.iv).

	[Notes]		Amount
Balance April 30, 2016 and 2017		$	60,000
Issuance of note	13.(ii)		600,700
Shares issued for interest	15.a(iv), 18.xvi		(89,155)
Accretion interest			65,238
Balance April 30, 2018		$	636,783

14. Convertible Notes Payable

i) On May 7, 2015, the Company entered into a secured convertible promissory note in the amount of $360,000 due May 7, 2016 and bearing an interest rate of 10% per annum to 1454602 Ontario Inc., a company controlled by two shareholders both of whom are considered to be insiders of the Company, due to ownership in excess of 10% of the common shares of the Company (Note 18.iv).

On May 7, 2016, the $360,000 note was replaced with a new convertible promissory note for the same amount and interest rate, due May 7, 2019, with conversion into common shares of the Company at $0.11 per share, with a warrant exercisable at $0.17 per share for a period of two years (Note 18.iv).

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14. Convertible Notes Payable - continued

ii) On September 22, 2016, the Company entered into two secured convertible promissory notes in the total amount of $204,000 due September 22, 2017 and bearing an interest rate of 10% per annum, due upon maturity. One of the note holders, 1454602 Ontario Inc., is a company controlled by two shareholders both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. Both notes are convertible into common shares of the Company at $0.095, with a warrant exercisable at $0.15 per share for a period of two years (Note 18.x).

iii) On October 13, 2016, the Company entered into two secured convertible promissory notes in the total amount of $139,000 due October 13, 2017 and bearing an interest rate of 10% per annum, due upon maturity. One of the note holders, 1454602 Ontario Inc., is a company controlled by two shareholders both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The other note holder, Unicare Inc., is a company partially controlled by a shareholder, who is considered to be an insider of the Company due to undiluted ownership in excess of 10% of the common shares of the Company. Both notes are convertible into common shares of the Company at $0.10, with a warrant exercisable at $0.15 per share for a period of two years (Note 18.xi).

iv) On October 24, 2016, the Company entered into three secured convertible promissory notes in the total amount of $225,000 due October 24, 2017 and bearing an interest rate of 10% per annum, due upon maturity. One of the note holders, Cancore Enterprise, is a company controlled by a shareholder, who is considered to be an insider of the Company due to diluted ownership in excess of 10% of the common shares of the Company. These notes are convertible into common shares of the Company at $0.12, with a warrant exercisable at $0.18 per share for a period of two years (Note 18.xii).

v) On February 28, 2018, the Company entered into a secured convertible promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer in the amount of $285,000 due February 26, 2019 and bearing an interest rate of 10% per annum, due upon maturity. The note is convertible into common shares of the Company at $0.07, with a warrant exercisable at $0.105 per share for a period of two years (Note 18.xvii).

	[Notes]	Amount
Balance April 30, 2016		$ 360,000
Issuance of note	14.(ii),(iii),(iv)	568,000
Accretion interest		40,713
Conversion feature		(136,000)
Balance April 30, 2017		$ 832,713
Issuance of note	14.(v)	285,000
Accretion interest		56,713
Conversion feature		(24,000)
Balance April 30, 2018		$ 1,150,426
Less current portion		(832,346)
Non-current portion		318,080

The non-current portion of the convertible notes payable relates to the note discussed above in Note 14(i). The full amount of this note is due on May 7, 2019.

Expressed in Canadian Dollars

15. Share Capital

a. Common Shares

Common shares issued

	[Notes]	Number	Amount
Balance April 30, 2016		107,005,555	$ 13,235,286
Issuance in exchange for debt	15.a.(i)	584,614	76,000
Issuance in exchange for debt	15.a.(ii)	800,000	80,000
Cost of share issuances		-	(1,780)
Balance April 30, 2017		108,390,169	$ 13,389,506
Issuance in exchange for debt	15.a.(iii)	1,456,966	116,557
Issuance as a share bonus	15.a.(iv)	1,126,312	90,105
Issuance in exchange for debt	15.a.(v)	495,505	69,371
Cost of share issuances		-	(2,880)
Balance April 30, 2018		111,468,952	$ 13,662,659

i. During August 2016, the Company completed shares for debt transactions with its Vice President, Sales and Operations and with 1454602 Ontario Inc., a company controlled by two shareholders, both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the Company, by issuing 307,692 and 276,922 shares respectively, at a price of $0.13 per share (based on the quoted market value of the Company's shares at the time of issue) less the costs of issuance of $880, in payment for fees and expenses of $40,000 and $36,000 respectively in payment of interest on a convertible note (Note 18.viii, 18.ix).

ii. During January 2017, the Company completed a shares for debt transaction with its Directors, by issuing 800,000 shares, at a price of $0.10 per share (based on the quoted market value of the Company's shares at the time of issue) in exchange as payment of directors' fees totaling $80,000, less the cost of issuance of $900 (Note 18.xiii).

iii. On September 5, 2017, the Company completed a shares for debt transaction with its Directors, officers and employees, by issuing 1,456,966 shares, at a price of $0.08 per share (based on the quoted market value of the Company's shares at the time of issue) as payment of directors' fees and salaries, totaling $116,557, less the cost of issuance of $1,083 (Note 18.xv).

iv. On September 5, 2017, the Company issued 1,126,312 shares to Korona Group Ltd., at a price of $0.08 per share (based on the quoted market value of the Company's shares at the time of issue) in lieu of cash interest on a promissory note, totaling $90,105, less the cost of issuance of $950 (Note 18.xvi).

v. On January 15, 2018, the Company completed a shares for debt transaction by issuing 495,505 shares at a price of $0.14 per share (based on the quoted market value of the Company's shares at the time of issue) in settlement of monies owed, totaling $69,371, less the cost of issuance of $847.

b. Compensation Based Options

On September 19, 2016, the shareholders of the Company ratified a Stock Option Plan (the "Plan") which is administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants' options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding common shares. The Plan is a rolling plan such that the number of shares reserved for issuance will increase as the Company's issued and outstanding common

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15. Share Capital – continued

b. Compensation Based Options - continued

shares increases. Options granted under the Plan are exercisable for a period up to five years, as determined by the Board, from the date of the grant. The exercise price of the options shall be determined by the Board at the time of the grant, but shall not be less than the Discounted Market Price as set by the TSX Venture Exchange Policy 1.1 as amended from time to time. The options are subject to several vesting periods as outlined in the Plan.

The granting of options is subject to the following conditions: (a) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders; (b) not more than 10% of the outstanding issue of the shares may be reserved for the granting of options to insiders or issued to insiders within any one year period; (c) not more than 5% of the issued and outstanding common shares may be granted to any one individual in a one year period; (d) not more than 2% of the issued and outstanding common shares may be granted to any one consultant in any one-year period; and (e) not more than an aggregate 2% of the issued and outstanding common shares may be granted to an employee conducting investor relations activities in any one-year period.

c. Stock Options

A summary of the stock options outstanding and exercisable under the plan as of April 30, 2018 and 2017 and changes during the years are as follows:

	[Notes]	Options	Weighted Price
Options outstanding at April 30, 2016		8,706,667	$ 0.23
Granted		100,000	0.17
Cancelled		(3,140,000)	0.26
Options outstanding at April 30, 2017		5,666,667	$ 0.21
Granted		250,000	0.15
Cancelled		(1,591,667)	0.16
Options outstanding at April 30, 2018		4,325,000	$ 0.23

	Options	Weighted Price
Options exercisable at April 30, 2016	7,473,334	$ 0.23
Vested during the year	1,091,667	0.26
Cancelled during the year	(3,140,000)	0.26
Options exercisable at April 30, 2017	5,425,001	$ 0.22
Vested during the year	208,334	0.18
Cancelled	(1,433,335)	0.17
Options exercisable at April 30, 2018	4,200,000	$ 0.23

Expressed in Canadian Dollars

15. Share Capital - continued

c. Stock Options – continued

The following table summarizes additional disclosures on the stock options outstanding at April 30, 2018:

	Options Outstanding		Options Exercisable				
Exercise Price	Number Outstanding	Remaining Average Life (Mths)	Number Outstanding	Remaining Average Life (Mths)	Fair Value at Time of Issue Not yet Expired	Expensed to 30-Apr-18	Not Expensed at 30-Apr-18
$ 0.205	500,000	2.5	500,000	2.5	$ 102,000	$ 102,000	$ -
0.200	1,575,000	7.5	1,575,000	7.5	289,800	289,800	-
0.260	750,000	11.0	750,000	11.0	190,500	190,500	-
0.260	1,250,000	25.5	1,250,000	25.5	208,750	208,750	-
0.15	250,000	52.5	125,000	52.5	6,250	3,125	3,125
	4,325,000		4,200,000		$ 797,300	$ 794,175	$ 3,125

During the year ended April 30, 2018, the Company recognized $11,475 (April 30, 2017 - $174,667) in stock-based compensation expense to directors, employees and consultants under general and administrative expenses. The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.49% (April 30, 2017 - 0.54%); expected dividend yield of $Nil (April 30, 2017 - $Nil); estimated volatility of 106% (April 30, 2017 - 106%) and an expected option life of five years (April 30, 2017 – five years).

d. *Warrants*

	[Notes]	Warrants Number	Amount
Balance April 30, 2016		26,443,870	$ 3,685,963
Expiry of warrants	15.d.(i)	(3,000,000)	(750,000)
Balance April 30, 2017		23,443,870	$ 2,935,963
Expiry of warrants	15.d(ii)	(2,700,000)	(396,500)
Balance April 30, 2018		20,743,870	$ 2,539,463

i. During the year ended April 30, 2017, 3,000,000 warrants valued at $750,000 expired without being exercised and their value was transferred to contributed surplus.
ii. During the year ended April 30, 2018, 2,700,000 warrants valued at $396,500 expired without being exercised and their value was transferred to contributed surplus.

Expressed in Canadian Dollars

15. Share Capital – continued

d. *Warrants - continued*

The following tables summarize information about stock warrants outstanding at April 30, 2018:

Issued	Number	Weighted Average Exercise Price	Expiry Date
07-Nov-13	9,499,999	$ 0.45	07-Nov-18
11-Nov-14	9,566,094	0.24	11-Nov-18
11-May-15	677,777	0.27	11-May-19
06-Oct-15	1,000,000	0.225	06-Oct-18
Balance April 30, 2018	20,743,870	$ 0.34	

Summary:

Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (months)
9,499,999	$ 0.45	6.0
9,566,094	0.24	6.5
677,777	0.27	12.5
1,000,000	0.225	5.0
20,743,870	$ 0.34	

16. Contributed Surplus

Contributed surplus resulted from the following:

	[Notes]	Amount
Balance at April 30, 2016		$ 6,776,231
Amounts resulting from share-based compensation	15.c.	174,667
Ascribed value of expired warrants	15.d.(i)	750,000
Balance at April 30, 2017		$ 7,700,898
Amounts resulting from share-based compensation	15.c.	11,475
Ascribed value of expired warrants	15.d.(ii)	396,500
Balance at April 30, 2018		$ 8,108,873

Expressed in Canadian Dollars

17. Income Taxes

A reconciliation of the differences between the statutory Canadian income tax expense (benefit) and the Company's effective tax expense (benefit) at April 30, 2018 and 2017 is as follows:

	For the years ended April 30, 2018	2017
Loss before income taxes	(1,235,575)	(6,668,032)
Canadian statutory tax rates	26.5%	26.5%
Statutory income tax rates applied to accounting losses	(327,427)	(1,767,028)
Increase in income taxes result from:		
Permanent differences	14,549	1,380,042
Temporary differences	(19,526)	(92,719)
	(332,404)	(479,705)
Allowance for non-recognition of tax losses	326,404	441,205
Recovery of deferred tax	(6,000)	(38,500)
Deferred tax recognized directly in equity	6,000	38,500
Total taxation	-	-

Deferred taxes are classified as non-current. The temporary differences and balances at April 30, 2018 and 2017, are as follows:

	2018	2017
Property and equipment	$ 943,560	$ 1,008,124
Intangibles assets	(56,917)	(60,615)
Non-capital loss carry-forwards	36,713,000	35,335,535
Cumulative eligible capital	1,247,835	1,247,835
Finance costs	23,207	101,150
Total	$ 38,870,685	37,632,029

Deferred tax asset balances and temporary differences have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Expressed in Canadian Dollars

17. Income Taxes - continued

As at April 30, 2018, the Company had non-capital losses which under certain circumstances may be available to reduce future taxable income. These losses expire as follows (rounded numbers):

2026	$ 1,667,000
2027	3,344,000
2028	5,299,000
2029	4,873,000
2030	2,685,000
2031	4,609,000
2032	3,091,000
2033	3,115,000
2034	2,034,000
2035	1,573,000
2036	2,185,000
2037	998,000
2038	1,240,000
	$ 36,713,000

The Company's subsidiary Pinpoint Commerce Inc. has cumulative non-capital tax losses reported in their pre-acquisition corporate tax returns. The subsidiary is deficient in filing certain pre-acquisition and current tax returns subsequent to the acquisition. These periods have accounting losses and as a result are expected to have losses for tax purposes. Until the Company can obtain a determination of losses confirmed by the Canada Revenue Agency, the losses have not been disclosed in its financial statements. As of the year ended April 30, 2018, the deferred tax asset that would result from these cumulative tax losses would not be recorded as it is not probable the tax loss would be realized against future income taxes otherwise owing.

18. Related Party Transactions and Balances

During the fiscal years 2018 and 2017, the Company entered into the following related party transactions. The outstanding amounts included in accounts payable and accrued liabilities are unsecured, non-interest bearing with no fixed terms of repayment.

i. Recorded the fees of the President to a company owned by him. During the year ended April 30, 2018, the Company expensed fees totaling $120,000 (April 30, 2017 - $165,000) and fixed allowance of $17,760 (April 30, 2017 – $17,760). The amount outstanding in trade accounts payable at April 30, 2018 was $197,603 (April 30, 2017 - $232,790). In the event of termination of this agreement for any reason other than just cause, a penalty of $180,000 would be owed. In addition, in fiscal 2018 the Company accrued a salary directly to the President for his services in connection with its US operations based out of the Company's office in Florida USA of $Nil (April 30, 2017 - $70,719). At April 30, 2018, $253,006 (April 30, 2017 - $278,935) is unpaid and included in accounts payable and accrued liabilities.

ii. Recorded the fees of the Chief Financial Officer to a company controlled by him. During the year ended April 30, 2018, the Company expensed fees totaling $36,000 (April 30, 2017 - $36,000). The amount outstanding in trade accounts payable at April 30, 2018 was $63,777 (April 30, 2017 - $88,140).

18. Related Party Transactions and Balances – continued

iii. On March 13, 2015, the Company entered into a secured $100,000 note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, at an interest rate of 8% compounded monthly, due and payable July 30, 2015. On June 15, 2015, the Company repaid $40,000 to the note holder. The Company and the note holder agreed to extend the $60,000 Note to December 31, 2018. Total interest expense on the Note for the year ended April 30, 2018 amounted to $5,992 (April 30, 2017 - $5,530) and the accrued interest payable included in accounts payable at April 30, 2018 was $18,159 (April 30, 2017 - $12,167) (Note 13i).

iv. On May 7, 2015, the Company issued a secured convertible promissory note in the amount of $360,000, due May 7, 2016 and bearing an interest rate of 10% to 1454602 Ontario Inc., a company controlled by two shareholders both of whom are considered to be insiders of the Company due to ownership in excess of 10% of the common shares of the Company (Note 14i).

Effective May 7, 2016, this note was replaced with a new convertible promissory note for the same amount and interest rate, due May 7, 2019. Total interest expense for these Notes for the year ended April 30, 2018 amounted to $36,000 (April 30, 2017 - $36,000) and the accrued interest payable included in accounts payable at April 30, 2018 was $71,408 (April 30, 2017 – $35,408) (Note 14i).

v. During the year ended April 30, 2018, the Company recorded directors' fees of $78,000 (April 30, 2017 – $77,692). Included in accounts payable and accrued liabilities are unpaid directors' fees at April 30, 2018 of $168,313 (April 30, 2017 – $130,592).

vi. Contracted with QDAC Inc., a company under the significant influence of the Company's Chief Executive Officer and insider of the Company, to undertake the manufacture of the Company's hardware. The amount outstanding in trade accounts payable at April 30, 2018 was $743,388 (April 30, 2017 - $672,871). Included in trade accounts payable at April 30, 2018 are late payment fees of $328,359 (April 30, 2017 - $223,791), of which late payments charges of $110,562 (April 30, 2017 - $99,667) are recorded in Office costs under General and Administration.

vii. Incurred share-based compensation relating to stock options granted to Directors and Officers, based upon the vesting of stock options granted. During the year ended April 30, 2018, the Company expensed non-cash costs of $3,125 (April 30, 2017 - $104,375).

viii. On August 2, 2016, the Company completed a shares for debt transaction of $40,000 with its Vice President, Sales and Operations, by issuing 307,692 common shares at a price of $0.13 per share in payment of fees and expenses (Note 15.a.i).

ix. On August 5, 2016, the Company completed a shares for debt transaction for payment of the $36,000 in interest owing on a convertible note (Note 18.iv) by issuing 276,922 common shares at a price of $0.13 per share to 1454602 Ontario Inc., a company controlled by two shareholders both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company (Note 15.a.i).

x. On September 22, 2016, the Company entered into a $79,000 secured convertible promissory note, with 1454602 Ontario Inc., a company controlled by two shareholders. both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The note, due September 22, 2017, bears an interest rate of 10%, is convertible at $0.095 per share, with a

18. Related Party Transactions and Balances – continued

warrant priced at $0.15 exercisable for a period of two years from date of conversion. Total interest expense on the Note for the year ended April 30, 2018 amounted to $7,900 (April 30, 2017 - $5,355) and the accrued interest payable included in accounts payable at April 30, 2018 was $13,255 (April 30, 2017 - $5,355) (Note 14.ii).

xi. On October 13, 2016, the Company entered into 2 secured convertible promissory notes, totaling $139,000 due October 13, 2017 bearing an interest rate of 10%, is convertible at $0.10 per share, with a warrant priced at $0.15 exercisable for a period of two years from date of conversion. One of the note holders, 1454602 Ontario Inc., is a company controlled by two shareholders both of whom are considered to be insiders of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The other note holder, Unicare Inc., is a company partially controlled by a shareholder, who is considered to be an insider of the Company due to undiluted ownership in excess of 10% of the common shares of the Company. Total interest expense on these Notes for the year ended April 30, 2018 amounted to $13,900 (April 30, 2017 - $7,522) and the accrued interest payable included in accounts payable at April 30, 2018 was $21,422 (April 30, 2017 - $7,522) (Note 14.iii).

xii. On October 24, 2016, the Company entered into a $75,000 secured convertible promissory with Cancore Enterprise, a company controlled by a shareholder, who is considered to be an insider of the Company due to diluted ownership in excess of 10% of the common shares of the Company. The note due October 31, 2017, bears an interest rate of 10% per annum, is convertible at $0.12 per share, with a warrant priced at $0.18 exercisable for a period of two years from date of conversion. Total interest expense on the Note for the year ended April 30, 2018 amounted to $7,500 (April 30, 2017 - $58) and the accrued interest payable included in accounts payable at April 30, 2018 was $7,558 (April 30, 2017 - $58) (Note 14.iv).

xiii. On January 25, 2017, the Company completed a shares for debt transaction of $80,000 by issuing 800,000 common shares at a price of $0.10 to Directors of the Company in payment of Directors' fees totaling $80,000 (Note 15.a.ii).

xiv. During February and March 2017, the Company received advances of $198,700 from Korona Group Ltd., a company controlled by the Company's Chief Executive Officer. These advances were replaced by a promissory note on September 5, 2017 (Note 18.xvi).

xv. On September 5, 2017, the Company completed a shares for debt transaction by issuing 1,456,966 common shares at a price of $0.08 to Directors, Officers and employees of the Company in payment of fees and salaries totaling $116,557 (Note 15.a.iii).

xvi. On September 5, 2017, the Company converted advances received during the period of February to August 2017 into a promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, in the amount of $600,700. The note matures on August 31, 2018. A share bonus of 1,126,312 common shares was issued by the Company in lieu of interest payments. The bonus was calculated as being 15% of the note and was converted into shares at a conversion rate of $0.08 (Notes 13.ii and 15.a.iv).

xvii. On February 28, 2018, the Company converted advances received during the period of August 2017 to January 2018 into a convertible promissory note with Korona Group Ltd., a company controlled by the Company's Chief Executive Officer, in the amount of $285,000. The note matures on February 26, 2019, is convertible at $0.07 a share, with a warrant priced at $0.105 for two years from the date of conversion and

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18. Related Party Transactions and Balances – continued

the accrued interest payable included in accounts payable at April 30, 2018 was $15,667 (April 30, 2017 - $Nil) (Note 14v).

xviii. During March 2018, the Company received advances of $60,000 from Korona Group Ltd., a company controlled by the Company's Chief Executive Officer. Total interest expensed and carried in accounts payable at April 30, 2018 was $789 (April 30, 2017 - $Nil) (Note 12, 23i).

xix. Compensation of key management personnel and board of directors:

	2018	2017
Wages and director fees	$ 234,000	$ 323,692
Benefits	17,760	17,760
Share based compensation (non-cash)	3,125	104,375
	$ 254,885	$ 445,827

19. Loss per Share

Basic loss per share is calculated on the basis of the weighted average number of common shares outstanding for the period, which, for the twelve-month period ended April 30, 2018, amounted to 110,246,817 (April 30, 2017 – 107,649,348). For the periods presented, all stock options, warrants and convertible notes payables are anti-dilutive, therefore diluted loss per share is equal to the basic loss per share.

The following instruments have been excluded from the diluted earnings per share as these instruments are anti-dilutive:

	For the year ended April 30	
	2018	2017
Issued stock options	4,325,000	5,666,667
Issued warrants	20,743,870	23,443,870
Convertible notes – potential share issuance	12,756,523	8,685,095
Convertible notes – potential warrant issuance	12,756,523	8,685,095
	50,581,916	46,480,727

20. Financial Instruments and Risk Management

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. When the independent prices are not available, fair values are determined using valuation techniques that refer to observable market data.

These techniques include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

20. Financial Instruments and Risk Management - continued

Fair value

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

The carrying amounts of cash, restricted cash, accounts receivable, other receivables, bank indebtedness, accounts payable and accrued liabilities, note payable, convertible note payable (current portion) and advances approximate fair value due to the short-term maturity of these financial instruments. The non-current portion of convertible notes payable approximates its fair value due to the short time that has passed since its issuance.

The Company had no financial instruments to classify within the fair value hierarchy as at April 30, 2018 and 2017.

Interest rate risk

The Company has cash and restricted cash balances with rates that fluctuate with the prevailing market rate. The Company's current policy is to invest excess cash in cash accounts or short-term interest-bearing securities issued by Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company's notes payable and convertible notes payable bear interest at fixed interest rates.

Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations in accordance with the terms and conditions of its contract with the Company. Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables.

The Company's credit risk arises primarily from the Company's trade receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company. The Company's exposure to trade credit risk as at April 30, 2018 was $Nil (April 30, 2017 - $177,778) net of allowances.

The Company may also have credit risk relating to cash and restricted cash, of $7,736 and $10,000 (April 30, 2017 - $5,292 and $10,000), respectively, which it manages by dealing with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting its obligations that are associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet financial obligations when they fall due, from its funding sources, such as equity and debt issuances. The Company continues to actively pursue new equity financing to ensure that it will have funds available to meet liabilities when they fall due.

Expressed in Canadian Dollars

20. Financial Instruments and Risk Management - continued

Liquidity risk - continued

The following table represents the Company's financial liabilities identified by type and future contractual dates of payment:

	Total	Under 1 Year	1 – 3 Years	After 3 Years
Trade accounts payable and accrued liabilities	$ 2,300,443	$ 2,300,443	$ -	$ -
Advances	98,000	98,000	-	-
Notes payable	660,700	660,700	-	-
Convertible notes payable	1,213,000	853,000	360,000	-
	$ 4,272,143	$ 3,912,143	$ 360,000	$ -

21. Commitments and Contingencies

Rental and operating leases

The Company currently has lease arrangements for the rental of its office in Richmond Hill, Ontario, Canada. The minimum annual lease payments under annual rental and operating leases exclusive of operating costs are as follows:

	Amount
Fiscal 2019	$ 31,461
Fiscal 2020	32,127
Fiscal 2021	13,502
	$ 77,090

The Company is party to certain contracts which contain minimum commitments of approximately $190,000 payable in fiscal 2019.

Contingencies and provisions

In the ordinary course of business, the Company estimates provisions for future obligations to remove equipment that has no scheduled date of removal. As at April 30, 2018 and 2017, management has estimated an amount of $99,400 relating to such obligations.

From time to time, the Company enters into software licensing agreements with a client/business partners whereby the Company has agreed to indemnify the counterparties for liabilities that may arise during the terms of the agreements. The maximum amount of any potential future payment cannot be reasonably estimated and it is not practicable to estimate the financial effects on its consolidated financial statements.

Expressed in Canadian Dollars

21. Commitments and Contingencies

In the ordinary course of business, the Company and its subsidiaries are involved in legal claims and counter claims, as defendants or plaintiffs. The Company has evaluated its legal actions and has estimated potential settlements and legal costs based on the current information and have accrued a provision based on management's estimate of potential outcomes. It is management's opinion that any additional liability to the Company that may arise from these matters will not have a material effect upon the operating results, financial position or cash flows of the Company.

In the ordinary course of business, the Company estimates provisions for future obligations to remove equipment that has no scheduled date of removal.

22. Restatement

The Company has restated its previously issued consolidated statements of financial position, consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flow for the following:

a) Impairment of the Company's inventories and intangible assets were not taken in fiscal 2017. See Notes 7 and 10.

b) IFRS policies require that the liability and equity components of convertible debt be identified and recorded separately.

c) A reclassification of the impairment recorded in 2017 from other comprehensive loss to net loss.

The following tables summarize the effect of the above-noted corrections on certain balances included in the Consolidated Statement of Financial Position as at April 30, 2017:

	Previously Reported	Effect of Change	Restated
Inventories	$ 1,162,622	$ (1,162,622)	$ -
Total current assets	1,475,558	(1,162,622)	312,936
Intangible assets	409,706	(349,091)	60,615
Total assets	1,900,859	(1,511,713)	389,146
Convertible notes payable	568,000	(24,420)	543,580
Total current liabilities	3,356,928	(24,420)	3,332,508
Total non-current liabilities	360,000	(70,867)	289,133
Total liabilities	3,716,928	(95,287)	3,621,641
Total shareholders' deficiency	(1,816,069)	(1,416,426)	(3,232,495)
Total liabilities and shareholders' deficiency	1,900,859	(1,511,713)	389,146

Expressed in Canadian Dollars

22. Restatement - continued

The following tables summarize the effect of the above-noted corrections on certain balances included in the Consolidated Statement of Loss and Comprehensive Loss for the year ended April 30, 2017:

	Previously Reported	Effect of Change	Restated
Accretion interest	$ -	$ (40,713)	$ 40,713
Impairment of inventories	-	(1,162,622)	1,162,622
Impairment of Intangibles	-	(3,170,829)	3,170,829
Net Loss before income tax	(2,332,368)	(4,374,164)	(6,706,532)
Impairment of intangibles – other comprehensive loss	(2,821,738)	2,821,738	-
Deferred tax recovery	-	38,500	38,500
Net loss and comprehensive loss	(5,154,106)	(1,513,926)	(6,668,032)
Loss per share (basic and diluted)	(0.022)		(0.06)

The following tables summarize the effect of the above-noted corrections on certain balances included in the Consolidated Statement of Cash Flows for the year ended April 30, 2017:

	Previously Reported	Effect of Change	Restated
Net loss	$ (2,332,638)	$ (4,335,394)	$ (6,668,032)
Adjustments for non-cash items:			
Impairment of inventories	-	1,162,622	1,162,622
Impairment of intangibles	-	3,170,829	3,170,829
Accretion Interest	-	40,713	40,713
Deferred tax recovery	-	(38,500)	(38,500)
Net loss after removing non-cash items	(1,280,740)	-	(1,280,740)
Net change in non-cash working capital	429,481	154,220	583,701
Net cash used in operating activities	(851,259)	154,220	(697,039)
Financing:			
Issuance of common shares in exchange for debt	154,220	(154,220)	-
Net cash provided by financing activities	844,793	(154,220)	690,573

The following tables summarize the effect of the above-noted corrections on certain balances included in the Consolidated Statement of Financial Position as at April 30, 2016:

	Previously Reported	Effect of Change	Restated
Convertible debenture conversion option	$ -	$ 22,000	$ 22,000
Deficit	(20,688,330)	(22,000)	(20,710,330)
Total shareholders' equity	3,009,150	-	3,009,150

Expressed in Canadian Dollars

23. Subsequent Events

i. On July 11, 2018, the TSX Venture Exchange approved the Company's $297,639 convertible promissory note with Korona Group Ltd., a company controlled by the Company's current Chief Executive Officer and significant insider, of which $60,000 was received during the fiscal year ended April 30, 2018 and is recorded in Advances. The convertible note matures on June 27, 2019 and bears interest at 10% per annum, payable at maturity. The note converts into shares priced at $0.08, with warrants priced at $0.12, exercisable for two years from the date of conversion.

ii. On July 12, 2018 the TSX Venture Exchange approved the Company's shares for debt transaction to issue 6,860,420 shares at a deemed share price of $0.10 to pay $686,042 owed to Directors, Officers and employees of the Company for fees and salary. Of this amount, $90,200 is owed to Directors.

iii. Subsequent to April 30, 2018, the Company received additional advances of $150,000 from Korona Group Ltd. These advances are unsecured, non-interest bearing with no fixed terms of repayment.

24. Capital Management

The Company considers that its capital is synonymous with the value of convertible notes payable, bank indebtedness and shareholders' equity (deficiency).

The total of these items was as follows:

	For the years ended April 30, 2018	2017
Convertible note payables	$ 1,150,426	$ 832,713
Bank indebtedness	-	24,000
Shareholders' (deficiency)	(4,165,442)	(3,232,495)
	$ (3,015,016)	$ (2,375,782)

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, convertible notes, issue shares or repurchase shares through a normal course issuer bid. The Board of Directors reviews and approves any material transactions not in the ordinary course of business which may include various acquisition proposals, as well as capital and operating budgets. The Company is not subject to any externally imposed capital requirements. There were no significant changes in the Company's approach to capital management during the years ended April 20, 2018 and 2017.

Expressed in Canadian Dollars

25. Net Change in Non-Cash Working Capital

	For the years ended April 30, 2018	2017
Net change in non-cash working capital balances:		
Accounts receivable	$ 177,778	$ (176,619)
Sales taxes recoverable	30,562	46,213
Inventories	-	110,771
Prepaid expenses and deposits	(4,319)	2,397
Accounts payable and accrued liabilities	121,849	594,703
Deferred revenue	(6,236)	6,236
	$ 319,634	$ 583,701

26. Selling and Marketing

For the years ended April 30,

	2018		2017	
Travel, tradeshows and promotional	$ 5,536	57.7%	$ 1,190	2.2%
Salaries	-	-%	34,230	62.7%
Benefits	3,728	38.9%	5,018	9.2%
Contractual services	-	-%	9,167	16.8%
Other	325	3.4%	4,992	9.1%
Total - Selling and marketing	$ 9,589	100.0%	$ 54,597	100.0%

27. General and Administration

For the years ended April 30,

	2018		2017	
Salaries	$ 69,935	9.7%	$ 68,538	5.1%
Benefits	6,018	0.8%	3,933	0.3%
Contractual services	230,557	31.9%	377,093	28.2%
Share-based compensation	11,475	1.6%	174,667	12.2%
Travel and auto	20,805	2.9%	25,684	1.9%
Office costs	175,018	24.2%	250,109	20.3%
Occupancy and operating costs	69,350	9.6%	86,743	6.5%
Professional	126,800	17.6%	173,405	13.0%
Consulting	27,134	3.8%	25,000	1.9%
Directors' fees	78,000	10.8%	77,692	5.8%
Other loss/(income)	(93,090)	(12.9%)	63,620	4.8%
Total - General and administration	$ 722,002	100.0%	$ 1,326,484	100.0%