



**POSaBIT Systems Corporation**  
(formerly, Foreshore Exploration Partners Corp.)

Unaudited Interim Consolidated Financial Statements  
Three and Six Months Ended June 30, 2019 and 2018  
(expressed in United States Dollars)

**NOTICE TO READER**

**The accompanying unaudited interim consolidated financial statements of POSaBIT Systems Corporation (formerly, Foreshore Exploration Partners Corp.) (the “Company”) have been prepared by and are the responsibility of management. These unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2019 and 2018 have not been reviewed by the Company's auditors.**



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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of POSaBIT Systems Corporation (formerly, Foreshore Exploration Partners Corp.), are the responsibility of the management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

## MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

*"Ryan Hamlin"*

Ryan Hamlin  
President and Chief Executive Officer

August 28, 2019

*"Stephen M. Gledhill"*

Stephen M. Gledhill  
Chief Financial Officer

August 28, 2019

**POSaBIT Systems Corporation**  
(formerly, Foreshore Exploration Partners Corp.)  
Unaudited Interim Consolidated Statements of Financial Position  
(Expressed in United States Dollars)



|  | June 30,<br>2019 | December 31,<br>2018 |
|--|------------------|----------------------|
|  | \$               | \$                   |
| <b>ASSETS</b>  |                  |                      |
| <b>Current assets</b>  |                  |                      |
| Cash and cash equivalents                                      | 388,410          | 1,433,907            |
| Restricted cash (note 6)                                       | -                | 767,246              |
| Receivables (notes 5 and 14)                                   | 1,178,362        | 622,044              |
| Due from related parties (note 13)                             | 122,659          | 10,749               |
| Digital assets (note 3)  | 15,916           | 4,326                |
| Inventories (note 7)   | 72,460           | 33,452               |
| Prepaid expenses   | 33,957           | 46,964               |
| <b>Total current assets</b>                                    | <b>1,811,764</b> | <b>2,918,688</b>     |
| Other asset (note 8)   | 120,000          | 120,000              |
| Equipment, net (note 9)  | 39,608           | 26,419               |
| Intangible assets (notes 4 and 10)                             | 453,990          | 409,553              |
| Customer lists (notes 4 and 10)                                | 40,000           | 40,000               |
| Goodwill (note 4)  | 511,000          | 511,000              |
| <b>Total assets</b>  | <b>2,976,362</b> | <b>4,025,660</b>     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>       |                  |                      |
| <b>Current liabilities</b>                                     |                  |                      |
| Accounts payable and accrued liabilities                       | 3,571,978        | 3,248,150            |
| <b>Total current liabilities</b>                               | <b>3,571,978</b> | <b>3,248,150</b>     |
| Note payable (note 11)   | 400,000          | 200,000              |
| <b>Total liabilities</b>                                       | <b>3,971,978</b> | <b>3,448,150</b>     |
| <b>Shareholders' equity (deficiency)</b>                       |                  |                      |
| Share capital (note 12)  | 10,086,935       | 811,881              |
| Preferred shares (note 12)                                     | -                | 5,784,834            |
| Common shares to be issued (note 12)                           | -                | 1,887,041            |
| Warrants reserve (note 12)                                     | 35,423           | 24,750               |
| Contributed surplus (note 12)                                  | 390,437          | 353,008              |
| Deficit  | (11,508,412)     | (8,284,004)          |
| <b>Total shareholders' equity (deficiency)</b>                 | <b>(995,617)</b> | <b>577,510</b>       |
| <b>Total liabilities and shareholders' equity (deficiency)</b> | <b>2,976,362</b> | <b>4,025,660</b>     |

Approved for filing by the Board of Directors, August 28, 2019.

"Jeff Dossett" (Director)

"Ryan Hamlin" (Director)

**POSaBIT Systems Corporation**

(formerly, Foreshore Exploration Partners Corp.)

Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2019

(Expressed in United States Dollars)



|  | 3 months ended     |                  | 6 months ended     |                    |
|--|--------------------|------------------|--------------------|--------------------|
|  | June 30,<br>2019   | June 30,<br>2018 | June 30,<br>2019   | June 30, 2018      |
|  | \$                 | \$               | \$                 | \$                 |
| <b>REVENUE</b>   |                    |                  |                    |                    |
| Digital assets processing services                                     | 1,053,410          | 386,796          | 2,118,414          | 645,715            |
| <b>Total revenue</b>   | <b>1,053,410</b>   | <b>386,796</b>   | <b>2,118,414</b>   | <b>645,715</b>     |
| <b>COST OF SALES</b>   |                    |                  |                    |                    |
| Processing fees  | 400,636            | 145,743          | 919,473            | 300,087            |
| Software license fees  | 121,901            | 54,519           | 228,222            | 93,132             |
| Hardware cost of sales   | 81,575             | 108,259          | 180,662            | 143,915            |
| Sales labour and commissions   | 170,866            | 91,135           | 386,242            | 120,135            |
| <b>Total cost of sales</b>   | <b>774,978</b>     | <b>399,656</b>   | <b>1,714,599</b>   | <b>657,269</b>     |
| <b>Gross margin</b>  | <b>278,432</b>     | <b>(12,860)</b>  | <b>403,815</b>     | <b>(11,554)</b>    |
| <b>OPERATING EXPENSES</b>  |                    |                  |                    |                    |
| Amortization and depreciation  | 94,663             | 126,460          | 180,624            | 163,053            |
| Forex  | (20,290)           | -                | 52                 | -                  |
| General and administration   | 102,651            | 17,752           | 203,431            | 62,847             |
| Impairment of receivables  | 2,520              | 8,344            | 2,520              | 8,344              |
| Investor relations and public reporting                                | 225                | -                | 225                | -                  |
| Marketing  | 82,667             | 18,486           | 169,063            | 30,902             |
| Meals and entertainment  | 14,266             | 9,248            | 27,907             | 18,782             |
| Professional fees  | (716)              | 241,151          | 196,497            | 348,807            |
| Rent   | 18,634             | 15,326           | 35,019             | 23,745             |
| Salaries and wages   | 502,948            | 263,645          | 849,688            | 443,809            |
| Share-based compensation (note 12)                                     | 10,848             | 83,726           | 46,032             | 91,158             |
| Travelling   | 58,663             | 34,650           | 88,069             | 49,582             |
| Transaction costs (note 3(a))  | 1,851,322          | -                | 1,851,322          | -                  |
| <b>Total operating expenses</b>  | <b>2,718,401</b>   | <b>818,758</b>   | <b>3,650,449</b>   | <b>1,241,029</b>   |
| <b>OTHER EXPENSES</b>  |                    |                  |                    |                    |
| Change in fair value of digital assets                                 | 7,558              | (14,189)         | 11,591             | (15,965)           |
| Change in expected credit losses                                       | (9,878)            | (7,068)          | 27,264             | (7,068)            |
| Change in fair value of derivative liability                           | -                  | 402,884          | -                  | 287,877            |
| Gain on disposal of assets   | -                  | 2,326            | -                  | 2,326              |
| Interest expense   | (14,104)           | (505,554)        | (22,981)           | (872,765)          |
| <b>Total other expenses</b>  | <b>(16,424)</b>    | <b>(121,561)</b> | <b>(15,874)</b>    | <b>(605,555)</b>   |
| <b>Loss and comprehensive loss</b>                                     | <b>(2,456,393)</b> | <b>(953,179)</b> | <b>(3,230,760)</b> | <b>(1,858,138)</b> |
| Basic and diluted loss per common share                                | <b>(0.033)</b>     | (0.040)          | <b>(0.065)</b>     | (0.085)            |
| Basic and diluted weighted average number of common shares outstanding | <b>74,528,919</b>  | 23,695,598       | <b>49,513,140</b>  | 21,891,091         |

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

**POSaBIT System Corporation**

(formerly, Foreshore Exploration Partners Corp.)

Unaudited Interim Consolidated Statement of Changes in Equity (Deficiency)

(Expressed in United States Dollars)



|  | Common shares |          | Shares to be issued | Preferred shares |           | Contributed surplus | Warrants reserve | Deficiency  | Total       |
|--|---------------|----------|---------------------|------------------|-----------|---------------------|------------------|-------------|-------------|
|  | Number        | Amount   |                     | Number           | Amount    |                     |                  |             |             |
|  |               | \$       | \$                  |                  | \$        | \$                  | \$               | \$          | \$          |
| January 1, 2018                                      | 18,863,461    | 145,652  | -                   | -                | -         | 85,525              | 24,750           | (4,389,252) | (4,133,325) |
| Shares issued for cash                               | -             | -        | -                   | 1,075,000        | 430,000   | -                   | -                | -           | 430,000     |
| Shares issued conversion of debt                     | -             | -        | -                   | 13,571,300       | 5,428,520 | -                   | -                | -           | 5,428,520   |
| Shares issued to DoubleBeam shareholders (note 3(b)) | 5,345,730     | 621,000  | -                   | -                | -         | -                   | -                | -           | 621,000     |
| Shares to be issued for cash received                | -             | -        | 350,000             | -                | -         | -                   | -                | -           | 350,000     |
| Redemption of capital                                | (668,873)     | (19,917) | -                   | -                | -         | -                   | -                | -           | (19,917)    |
| Share-based compensation                             | -             | -        | -                   | -                | -         | 91,158              | -                | -           | 91,158      |
| Net loss   | -             | -        | -                   | -                | -         | -                   | -                | (1,858,138) | (1,858,138) |
| June 30, 2018  | 23,345,318    | 746,735  | 350,000             | 14,511,198       | 5,798,541 | 176,683             | 24,750           | (6,247,390) | 849,319     |
| Cost of issued shares                                | -             | -        | -                   | -                | (73,686)  | -                   | -                | -           | (73,686)    |
| Shares issued on conversion                          | -             | -        | -                   | 135,102          | 59,979    | -                   | -                | -           | 59,979      |
| Shares held until completion of IPO                  | 577,320       | 54,469   | -                   | -                | -         | -                   | -                | -           | 54,469      |
| Shares to be issued for cash received                | -             | -        | 1,467,091           | -                | -         | -                   | -                | -           | 1,467,091   |
| Cost of shares to be issued                          | -             | -        | (10,519)            | -                | -         | -                   | -                | -           | (10,519)    |
| Shares to be issued for debt                         | -             | -        | 80,469              | -                | -         | -                   | -                | -           | 80,469      |
| Exercise of options                                  | 1,250         | 500      | -                   | -                | -         | -                   | -                | -           | 500         |
| Share-based compensation                             | 85,520        | 10,177   | -                   | -                | -         | 176,325             | -                | -           | 186,502     |
| Net loss   | -             | -        | -                   | -                | -         | -                   | -                | (2,036,614) | (2,036,614) |
| December 31, 2018                                    | 24,209,408    | 811,881  | 1,887,041           | 14,646,300       | 5,784,834 | 353,008             | 24,750           | (8,284,004) | 577,510     |

Continued next page

**POSaBIT System Corporation**

(formerly, Foreshore Exploration Partners Corp.)

Unaudited Interim Consolidated Statement of Changes in Equity (Deficiency)

(Expressed in United States Dollars)



|  | Common shares |            | Shares to issued | Preferred shares |             | Contributed surplus | Warrants reserve | Deficiency   | Total       |
|--|---------------|------------|------------------|------------------|-------------|---------------------|------------------|--------------|-------------|
|  | Number        | Amount     |                  | Number           | Amount      |                     |                  |              |             |
|  |               | \$         | \$               |                  | \$          | \$                  | \$               | \$           | \$          |
| December 31, 2018  | 24,209,408    | 811,881    | 1,887,041        | 14,646,300       | 5,784,834   | 353,008             | 24,750           | (8,284,004)  | 577,510     |
| Shares issued on conversion  | 549,804       | 50,000     | (50,000)         | -                | -           | -                   | -                | -            | -           |
| Shares issued to Foreshore shareholders (note 3(a))                        | 3,250,000     | 1,456,746  | -                | -                | -           | -                   | -                | -            | 1,456,746   |
| Shares issued pursuant to subscription receipts (note 3(a))                | 1,967,793     | 896,506    | (896,506)        | -                | -           | -                   | -                | -            | -           |
| Shares issued to POSaBIT shareholders                                      | 2,043,780     | 940,535    | (940,535)        | -                | -           | -                   | -                | -            | -           |
| Shares issued to POSaBIT shareholders pursuant to exchange ratio           | 18,260,929    | -          | -                | -                | -           | -                   | -                | -            | -           |
| Shares issued on conversion  | 14,646,300    | 5,784,834  | -                | (14,646,300)     | (5,784,834) | -                   | -                | -            | -           |
| Shares issued to POSaBIT preferred shareholders pursuant to exchange ratio | 11,043,015    | -          | -                | -                | -           | -                   | -                | -            | -           |
| Options issued to Foreshore option holders (note 3(a))                     | -             | -          | -                | -                | -           | 112,730             | -                | -            | 112,730     |
| Exercise of options  | 362,619       | 24,913     | -                | -                | -           | -                   | -                | -            | 24,913      |
| Fair value of exercised options  | -             | 114,981    | -                | -                | -           | (114,981)           | -                | -            | -           |
| Expiry of options  | -             | -          | -                | -                | -           | (6,352)             | -                | 6,352        | -           |
| Agent warrants issued Foreshore agent warrant holders (note 3(a))          | -             | -          | -                | -                | -           | -                   | 16,126           | -            | 16,126      |
| Exercise of agent warrants   | 14,540        | 1,086      | -                | -                | -           | -                   | -                | -            | 1,086       |
| Fair value transfer of exercised agent warrants                            | -             | 5,453      | -                | -                | -           | -                   | (5,453)          | -            | -           |
| Share-based compensation   | -             | -          | -                | -                | -           | 46,032              | -                | -            | 46,032      |
| Net loss   | -             | -          | -                | -                | -           | -                   | -                | (3,230,760)  | (3,230,760) |
| June 30, 2019  | 76,348,188    | 10,086,935 | -                | -                | -           | 390,437             | 35,423           | (11,508,412) | (995,617)   |

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



|  | 2019               | 2018             |
|--|--------------------|------------------|
|  | \$                 | \$               |
| <b>OPERATING ACTIVITIES</b>  |                    |                  |
| Net loss for the period  | (3,230,760)        | (1,858,138)      |
| <b>Adjustment for non-cash items</b>                               |                    |                  |
| Amortization and depreciation                                      | 180,624            | 163,053          |
| Change in fair value of derivative liability                       | -                  | (287,877)        |
| Change in fair value of digital assets                             | (11,591)           | 15,965           |
| Change in expected credit losses                                   | (27,264)           | -                |
| Forex  | (185)              | -                |
| Impairment of receivables  | 2,520              | -                |
| Interest accretion on convertible debentures and notes             | -                  | 372,269          |
| Stock based compensation   | 46,032             | (2,366)          |
| Non-cash transaction costs (listing fees) (note 3(a))              | 1,508,198          | -                |
| <b>Changes in operating assets and liabilities:</b>                |                    |                  |
| Receivables  | (531,573)          | (208,762)        |
| Digital assets   | -                  | 4,191            |
| Inventories  | (39,008)           | (13,435)         |
| Prepaid expenses   | 13,007             | (29,111)         |
| Accounts payable and accrued liabilities                           | 323,828            | 1,254,414        |
| <b>Net cash used for operating activities</b>                      | <b>(1,766,171)</b> | <b>(498,639)</b> |
| <b>INVESTING ACTIVITIES</b>  |                    |                  |
| Purchase of equipment  | (21,651)           | (8,927)          |
| Purchase of intangible assets                                      | (216,599)          | (263,752)        |
| Cash acquired on completion of Double Beam acquisition (note 3(b)) | -                  | 16,671           |
| Cash acquired on completion of Transaction (note 3(a))             | 77,589             | -                |
| <b>Net cash used for investing activities</b>                      | <b>(160,661)</b>   | <b>(256,008)</b> |
| <b>FINANCING ACTIVITIES</b>  |                    |                  |
| Issuance of common shares (net of costs)                           | -                  | 350,000          |
| Issuance of preferred shares (net of costs)                        | -                  | 356,314          |
| Issuance of note payable   | 200,000            | -                |
| Exercise of options  | 24,913             | -                |
| Exercise of warrants   | 1,086              | -                |
| Repayments to related parties                                      | (111,910)          | (18,050)         |
| <b>Net cash provided by financing activities</b>                   | <b>114,089</b>     | <b>688,264</b>   |
| <b>Net increase in cash and cash equivalents during the period</b> | <b>(1,812,743)</b> | <b>(66,383)</b>  |
| Restricted cash  | 767,246            | -                |
| Cash and cash equivalents, beginning of year                       | 1,433,907          | 207,879          |
| <b>Cash and cash equivalents, end of period</b>                    | <b>388,410</b>     | <b>141,496</b>   |
| <b>Cash interest paid</b>  | <b>22,981</b>      | <b>78,510</b>    |

## POSaBIT Systems Corporation

(formerly, Foreshore Exploration Partners Corp.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

(Expressed in United States Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

POSaBIT Systems Corporation (“**POSaBIT**” or the “**Company**”), was incorporated as Foreshore Exploration Partners Corp. (“**Foreshore**”) on June 12, 2017, pursuant to the *Business Corporations Act* (British Columbia) and was a Capital Pool Company, pursuant to the policies of the TSX Venture Exchange (“**TSXV**”). On March 29, 2019, Foreshore obtained receipt of its final prospectus filed with regulatory authorities in British Columbia, Alberta and Ontario, in connection with its proposed reverse takeover transaction (the “**Transaction**”), with POSaBIT, Inc. Pursuant to the Transaction that was completed on April 5, 2019, Foreshore by way of a plan of merger, acquired all of the issued and outstanding shares of POSaBIT, Inc. through a merger of the Company’s wholly-owned subsidiary, POSaBIT Merger Sub, Inc. with POSaBIT, Inc. as the surviving legal subsidiary of the Foreshore. Upon completion of the merger, POSaBIT, Inc. was renamed POSaBIT US, Inc (“**POSaBIT US**”). Pursuant to the merger, existing POSaBIT US securities holders would receive 1.7539815 Company securities (common shares, options, warrants, finder/agent warrants, as applicable) for each POSaBIT US security held.

In connection with the Transaction, Foreshore delisted from the TSXV and obtained listing on the Canadian Securities Exchange (“**CSE**”) under the trading symbol “**PBIT**”. Details of the Transaction are disclosed in note 4(a).

The Company’s head office is located at 1128 8<sup>th</sup> Street, Kirkland, Washington 98033. It’s registered address in Canada is 110 Yonge Street, Suite 400, Toronto, Ontario, M5C 1T4. The Company’s operations primarily involve point-of-sale arrangements designed to offer consumers an easy way to acquire digital currency and use it to purchase goods and services.

These unaudited interim consolidated financial statements (the “**Consolidated Financial Statements**”) have been prepared using International Financial Reporting Standards (“**IFRS**”) applicable to going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

As at June 30, 2019, the Company has a reported working capital deficit of \$1,760,215 (December 31, 2018 – \$329,462) and has shareholders’ deficiency \$995,617 (December 31, 2018 – equity of \$577,510). The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards (“IAS”) 34* ‘Interim Financial Reporting’ using accounting policies consistent with the IFRS issued by the International Accounting Standards Board (“**IASB**”) and Interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

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## POSaBIT Systems Corporation

(formerly, Foreshore Exploration Partners Corp.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

(Expressed in United States Dollars)

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The Consolidated Financial Statements were approved and authorized for issuance by the Board on August 28, 2019.

### 2.2 Basis of presentation and measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured on amortized cost or at fair value. In addition, these unaudited interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

### 2.3 Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Company and its wholly-owned subsidiaries, DoubleBeam, Inc. (“**DoubleBeam**”) and POSaBIT US, Inc. POSaBIT US acquired all of the issued and outstanding shares of Doublebeam on February 16, 2018 (note 3(b)). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are 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. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

## 3. BUSINESS COMBINATIONS

### 3.1 Transaction with Foreshore

The Company completed the Transaction on April 5, 2019. The Transaction constitutes a reverse-takeover of Foreshore but does not meet the definition of a business combination, and therefore *IFRS 3 Business Combinations* is not applicable. As a result, and in accordance with reverse take-over accounting for a transaction that is **not** considered a business combination:

- a) Foreshore is treated as the acquiree and POSaBIT is treated as the acquirer and therefore, the go-forward entity is deemed to be a continuation of POSaBIT and POSaBIT is deemed to have acquired control of the assets and business of Foreshore in the consideration of the issuance of capital, options and warrants, as applicable.

For accounting purposes, POSaBIT is deemed to have issued the following securities in exchange for the net assets of Foreshore:

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



**POSaBIT Systems Corporation**

(formerly, Foreshore Exploration Partners Corp.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

(Expressed in United States Dollars)

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|  |                  |
|--|------------------|
|  | \$               |
| 3,250,000 common shares valued at \$0.45 per share | 1,456,746        |
| 300,000 Options (note 4 (a)(i))                    | 112,730          |
| 43,000 Agent Options (note 4 (a) (ii))             | 16,126           |
|  | <b>1,585,602</b> |

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**Allocated to Foreshore's net assets:**

|                            |                  |
|----------------------------|------------------|
|                            | \$               |
| Cash                       | 77,589           |
| Accounts payable           | (185)            |
| Net assets                 | 77,404           |
| Cost of listing (expensed) | 1,508,198        |
|                            | <b>1,585,602</b> |

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- i) The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.59%, volatility of 80.355%, share price of \$0.45 and dividends of nil.
- ii) The fair value of the Agent Options was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.59%, volatility of 80.355%, share price of \$0.45 and dividends of nil.
- b) Foreshore's share capital (net of issuance costs) and contributed surplus are eliminated by a charge to retained earnings.
- c) The assets and liabilities of Foreshore are included in the consolidated statements of financial position at their historical carrying values, which approximates their fair values. The assets and liabilities of POSaBIT are included in the consolidated financial statements of financial position at their fair values.

**3.2 Acquisition of DoubleBeam (2018)**

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam ("Acquisition"), an unlisted company based in the state of California that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The Acquisition has been accounted for using the acquisition method.

The total purchase price paid for DoubleBeam was \$621,000 by way of the Company issuing common shares in the amount for 22.7% of the fair value of its common shares on February 16, 2018.

The fair value of the identifiable assets and liabilities of DoubleBeam as at the date of acquisition were:

|                        |                |
|------------------------|----------------|
|                        | <b>Total</b>   |
|                        | \$             |
| <b>Purchase Price:</b> |                |
| Shares exchanged       | <b>621,000</b> |
|                        | <b>621,000</b> |

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|                             |                |
|-----------------------------|----------------|
| <b>Net assets acquired:</b> |                |
| Cash                        | 17,400         |
| Accounts receivable         | 45,600         |
| Equipment                   | 18,000         |
| Intangible assets           | 51,000         |
| Customer list and software  | 40,000         |
| Accounts payable            | (62,000)       |
| Goodwill                    | 511,000        |
|                             | <b>621,000</b> |

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**4. DIGITAL ASSETS**

Digital assets consist of Bitcoin (BTC) and Litecoin (LTC) coins.

**5. RECEIVABLES**

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|                                      | June 30,<br>2019 | December 31,<br>2018 |
|--------------------------------------|------------------|----------------------|
|                                      | \$               | \$                   |
| Receivables                          | 1,199,327        | 778,869              |
| Impairment of receivables            | (2,520)          | (65,475)             |
| Allowance for expected credit losses | (18,445)         | (45,310)             |
|                                      | <b>1,178,362</b> | 622,044              |

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The receivables are generally on terms due within 30 days.

The Company adopted IFRS 9 on January 1, 2018. For the three and six months ended June 30, 2019, the Company recognized expected credit losses (gains) of \$9,878 (2018 - \$7,068) and \$(27,264) (2018 - \$7,068), respectively.

**6. RESTRICTED CASH**

In September 2018, POSaBIT issued 1,264,432 subscription receipts for common shares to be issued, raising \$882,480 (C\$965,520) in cash, \$60,000 in digital assets and a reduction of \$80,469 in accounts payable and accrued liabilities. On December 14, 2018, a subscriber withdrew \$115,234 (C\$150,000) in subscription receipts, representing 142,533 shares to issued. The funds were held in trust by the escrow agent and were released upon completion of a go-public transaction (note 3(a)). As noted above, as at June 30, 2019, all restricted funds have been released to the Company (December 31, 2018 - \$767,246).

See note 16 for details of the transaction, which comprises consideration received by the POSaBIT shareholders and subscription receipt holders pursuant to a merger (the "Merger") in consideration for their POSaBIT shares and subscription receipts, being 1.7539815 Foreshore shares for each POSaBIT share or subscription receipt held.



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**7. INVENTORIES**

|                | <b>June 30,<br/>2019</b> | December 31,<br>2018 |
|----------------|--------------------------|----------------------|
|                | \$                       | \$                   |
| Finished goods | <b>72,460</b>            | 33,452               |
|                | <b>72,460</b>            | 33,452               |

**8. OTHER ASSET**

The other asset in the amount of \$120,000 is a surety bond provided by Philadelphia Insurance and required for the Company's Money Transfer Licence in Washington State.

**9. EQUIPMENT, net**

| <b>Cost</b>                             |               |
|---|---------------|
|   | \$            |
| January 1, 2018                         | 15,511        |
| Additions from the acquisition (note 4) | 18,000        |
| December 31, 2018                       | 37,419        |
| <b>Additions</b>                        | <b>21,651</b> |
| <b>June 30, 2019</b>                    | <b>59,070</b> |
| <b>Accumulated Depreciation</b>         |               |
| January 1, 2018                         | 522           |
| Depreciation                            | 10,478        |
| December 31, 2018                       | 11,000        |
| <b>Depreciation</b>                     | <b>8,462</b>  |
| <b>June 30, 2019</b>                    | <b>19,462</b> |
| <b>Net Book Value</b>                   |               |
| December 31, 2018                       | 26,419        |
| <b>June 30, 2019</b>                    | <b>39,608</b> |

**10. INTANGIBLE ASSETS, net**

Intangible assets relate to software internally generated and acquired from DoubleBeam and a customer list acquired from DoubleBeam.



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**Software**

|                                     | \$               |
|-------------------------------------|------------------|
| January 1, 2018                     | 251,842          |
| Additions                           | 491,350          |
| Additions from acquisition (note 4) | 50,000           |
| December 31, 2018                   | 793,192          |
| <b>Additions</b>                    | <b>216,599</b>   |
| <b>June 30, 2019</b>                | <b>1,009,793</b> |

**Accumulated Amortization**

|                      |                |
|----------------------|----------------|
| January 1, 2018      | 122,381        |
| Amortization         | 261,258        |
| December 31, 2018    | 383,639        |
| <b>Amortization</b>  | <b>172,164</b> |
| <b>June 30, 2019</b> | <b>555,803</b> |

**Net Book Value**

|                      |                |
|----------------------|----------------|
| December 31, 2018    | 409,553        |
| <b>June 30, 2019</b> | <b>453,990</b> |

**Customer List**

|  | \$            |
|--|---------------|
| <b>December 31, 2018 and June 30, 2019</b> | <b>40,000</b> |

**11. NOTE PAYABLE**

On May 6, 2019, the Company issued an unsecured note payable ("**Note 2**") in the amount of \$200,000. Starting May 6, 2019, Note 2 accrues interest at 18% per annum, with interest payable on a quarterly basis. Note 2 can be repaid in full at any time. There is a 9% penalty if repaid within the first six months of issuance, and no penalty after six months. Note 2 matures on September 30, 2020. For the 3 and 6 months ended June 30, 2019, interest expense of \$nil (2018 - \$nil) and \$6,016.44 (2018 - \$nil), respectively, has been recorded.

On September 20, 2018, the Company issued an unsecured note payable ("**Note 1**") in the amount of \$200,000. Starting October 1, 2018, Note 1 accrues interest at 18% per annum, with interest payable on a quarterly basis. Note 1 can be repaid in full at any time. There is a 9% penalty if repaid within the first six months of issuance, and no penalty after six months. Note 1 matures on September 30, 2020. For the 3 and 6 months ended June 30, 2019, interest expense of \$8,088 (2018 - \$nil) and \$16,964 (2018 - \$nil), respectively, has been recorded.



## **12. SHARE CAPITAL**

### ***Common and preferred shares***

#### **12.1 Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

#### **12.2 Issued and outstanding**

##### **2019**

- (i) In June 2019, the Company issued 300,000 shares on the exercise of options that raised \$22,413. The fair value of the exercised options of \$112,730 was transferred from contributed surplus to share capital.
- (ii) In June 2019, the Company issued 52,619 common shares on the exercise of options, raising \$1,500. The fair value of the exercised options of \$2,073 was transferred from contributed surplus to share capital.
- (iii) In June 2019, the Company issued 549,804 common shares with a deemed value of \$50,000, on the conversion of a note obligation existing prior to the completion of the Transaction (note 3(a)).
- (iv) In April 2019, 14,540 common shares were issued on the exercise of finder's warrants, raising \$1,086. The fair value of the exercised warrants of \$5,453 was transferred from warrants reserve to share capital.
- (v) In April 2019, the Company completed the Transaction (note 3(a)) resulting in the issuance of 72,181,225 common shares with a deemed value of \$8,505,946, as follows:
  - 44,524,117 common shares issued to existing POSaBIT US shareholders;
  - 1,967,793 common shares issued to subscription receipt holders of the Company;
  - 25,689,315 common shares issued to POSaBIT US preferred shareholders

Contemporaneously, 3,250,000 common shares with a deemed value of \$1,456,746 (note 3(a)) were issued to existing Foreshore shareholders, in exchange for the issued and outstanding common shares of Foreshore.

- (vi) In January 2019, the POSaBIT US issued 10,000 common shares on the exercise of options that raised \$1,000. The fair value of the exercised options of \$178 was transferred from contributed surplus to share capital.

##### **2018**

- (vii) In October 2018, the Company raised additional financing of \$445,535 with the issuance of 551,967 common shares at \$0.81 each.
- (viii) In October 2018, the Company issued a convertible note with a face amount of \$50,000. The note accrues interest at 1% per year, which converted to 549,804 Resulting Issuer (as defined hereinafter) common shares to be issued.
- (ix) In September 2018, the Company issued 85,520 common shares with a fair value of \$10,177. The fair value of the shares issued were estimated using the Black-Scholes



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valuation model using the following assumptions: Risk-free interest rate of 2.12%, volatility of 7.5%, dividend yield of nil, share price on issuance of \$0.12 and an issue price of \$0.001 per share.

- (x) On May 11, 2018, 13,571,300 preferred shares were issued with a value of \$5,428,520, on the conversion of the convertible debentures and notes.
- (xi) In May and June 2018, the Company issued 1,075,000 preferred shares for cash with costs of issuance of \$73,686, raising gross and net proceeds of \$430,000 and \$356,314, respectively.
- (xii) In February 2018, 5,345,730 common shares were issued as consideration for the DoubleBeam acquisition.
- (xiii) In January 2018, the Company redeemed 663,873 shares of common stock from the CEO at \$0.03 per share.

**12.3 Common shares to be issued****2018**

- (xiv) In September 2018, gross proceeds of \$907,025 were raised with the issuance of 1,121,899 subscription receipts. Costs of the issuance amounted to \$10,519.
- (xv) In August 2018, \$145,000 was raised for which 179,638 common shares of POSaBIT US were to be issued. In addition, 99,127 common shares are to be issued in settlement of debt in the amount of \$80,469.
- (xvi) In June 2018, \$350,000 was raised for which 433,608 common shares are to be issued.
- (xvii) In March 2018, 577,320 common shares of POSaBIT US were held in escrow pending the completion of the going-public transaction.

**12.4 Escrowed securities**

Subject to the policies of the CSE, the following table summarizes the remaining common shares of the Company that are subject to escrow provisions together with the date of general release.

| Total      | Release date    |               |                 |               |                 |               |
|------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|            | October 5, 2019 | April 5, 2020 | October 5, 2020 | April 5, 2021 | October 5, 2021 | April 5, 2022 |
| 18,390,630 | 3,065,105       | 3,065,105     | 3,065,105       | 3,065,105     | 3,065,105       | 3,065,105     |

**12.5 Warrants reserve**

A continuity of the Company's outstanding warrants follows:



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|   | Number of<br>warrants | Exercise<br>price | Fair value |
|---|-----------------------|-------------------|------------|
|   |                       | \$                | \$         |
| Balance at January 1, 2018 and December 31, 2018<br>(POSaBIT US)        | 99,000                | 0.25              | 24,750     |
| Cancelled pursuant to the Transaction                                   | (99,000)              | 0.25              | -          |
| Issued to POSaBIT US warrant holders pursuant to<br>the Transaction     | 173,640               | 0.14              | -          |
| Issued to Foreshore agent option holders pursuant to<br>the Transaction | 43,000                | 0.06              | 16,126     |
| Exercised   | (14,540)              | 0.06              | (5,443)    |
| Outstanding at June 30, 2019  | 202,100               |                   | 35,423     |

The outstanding issued warrants balance as at June 30, 2019 is comprised of the following items:

| Date of expiry | Type          | Number of<br>warrants | Exercise<br>price | Fair value |
|----------------|---------------|-----------------------|-------------------|------------|
|                |               |                       | \$                | \$         |
| July 10, 2027  | Warrants      | 173,640               | 0.35              | 44,308     |
| May 29, 2020   | Agent options | 28,460                | 0.06              | 10,673     |
|                |               | 202,100               |                   | 35,423     |

**12.6 Contributed surplus**

POSaBIT has a stock option plan (the "Plan") pursuant to which options to purchase common shares of the Company may be granted to certain officers, directors, employees and consultants of the Company. The Plan allows for a fixed issuance of up to 20% of the issued and outstanding common shares upon completion of the Transaction, being 15,192,260. As at June 30, 2019, the Company had 3,239,412 options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

The number and prices of the outstanding options are as follows:

|   | Number of<br>options | Weighted<br>average<br>exercise price |
|---|----------------------|---------------------------------------|
|   |                      | \$                                    |
| Outstanding, as at January 1, 2018, POSaBIT US                            | 3,518,125            | 0.05                                  |
| Issued during 2018, POSaBIT US  | 3,477,826            | 0.26                                  |
| Exercised/cancelled during 2018, POSaBIT US                               | (1,250)              | 0.40                                  |
| Outstanding, as at December 31, 2018, POSaBIT US                          | 6,994,701            | 0.16                                  |
| Exercised/cancelled prior to completion of<br>the Transaction, POSaBIT US | (150,000)            | 0.05                                  |
| Outstanding at April 5, 2019 (date of Transaction)                        | 6,844,701            | 0.16                                  |
| Cancelled pursuant to the Transaction                                     | (6,844,701)          | 0.16                                  |
| Issued to POSaBIT US option holders pursuant to the                       | 12,005,467           | 0.09                                  |





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|  |                   |             |
|--|-------------------|-------------|
| Transaction  |                   |             |
| Issued to Foreshore option holders pursuant to the Transaction (note 3(a)) | 300,000           | 0.06        |
| Exercised  | (352,619)         | 0.05        |
| <b>Outstanding, as at June 30, 2019</b>                                    | <b>11,952,848</b> | <b>0.09</b> |
| <b>Exercisable, as at June 30, 2019</b>                                    | <b>6,676,852</b>  | <b>0.07</b> |

The Company recognized a share-based compensation expense of \$10,848 (2018 - \$83,726) and \$46,032 (2018 - \$91,158), respectively, for the three and six months ended June 30, 2019. The fair value of the options issued during the six months ended June 30, 2019 was \$112,730, being the fair value of the options issued to Foreshore option holders pursuant to the Transaction.

**13. RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

Included in operating expenses are licence fees paid to PlaceFull Inc., a company in which the CEO owns significant shareholdings.

**Key management compensation**

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, named executive officers, being the Chief Executive Officer and the Chief Financial Officer. Others include the Company's Chief Technology Officer and its Chief Revenue Officer. Related-party compensation paid or payable to key management is detailed below:

|  | 3 months ended |               | 6 months ended |                |
|--|----------------|---------------|----------------|----------------|
|  | June 30        |               | June 30        |                |
|  | 2019           | 2018          | 2019           | 2018           |
|  | \$             | \$            | \$             | \$             |
| Executive Compensation to key managers | 134,000        | 30,000        | 395,500        | 60,000         |
| Licence Fees to PlaceFull Inc.         | 30,000         | 30,000        | 60,000         | 60,000         |
| <b>Totals</b>                          | <b>164,000</b> | <b>60,000</b> | <b>455,500</b> | <b>120,000</b> |

At June 30, 2019, the Company had loans from shareholders amounting to \$nil (December 31, 2018 - \$10,749). These loans are unsecured, interest free and due on demand

During the three and six months ended June 30, 2019, the Company provided loans to PlaceFull Inc. in the amount of \$29,869 (2018 - \$38,237) and \$78,763 (2018 - \$38,237), respectively. These loans were unsecured, interest free and due on demand.



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During six months ended June 30, 2019 (year ended December 31, 2018), related parties subscribed for, or were otherwise issued, the following securities (including those issued by the Company for POSaBIT US shares pursuant to the Transaction):

|   | 2019              | 2018<br>(POSaBIT US) |
|---|-------------------|----------------------|
|   | #                 | #                    |
| Common shares                                   | 20,064,567        | 199,040              |
| Preferred shares (issued for cash)              | -                 | 37,500               |
| Preferred shares (issued on conversion of debt) | -                 | 3,641,303            |
| Shares to be issued                             | -                 | 30,972               |
| <b>Total</b>                                    | <b>20,064,567</b> | <b>3,908,815</b>     |

**14. FINANCIAL RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities; and

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At June 30, 2019, the Company's financial instruments consist of cash and cash equivalents, receivables, due from related parties, accounts payable and accrued liabilities, and note payable and for the comparative year, derivative liability. The fair values of cash and cash equivalents, accounts receivable, due from related parties, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity nature. The Company classifies its notes payable as FVTPL. The inputs used to fair value the notes payable are as follows:

| June 30, 2019                | Level 1 | Level 2        | Level 3 | 30-Jun-19      |
|------------------------------|---------|----------------|---------|----------------|
|                              | \$      | \$             | \$      | \$             |
| <b>Financial Liabilities</b> |         |                |         |                |
| Note payable                 | -       | 400,000        | -       | 400,000        |
|                              | -       | <b>400,000</b> | -       | <b>400,000</b> |

| December 31, 2018            | Level 1 | Level 2        | Level 3 | 31-Dec-18      |
|------------------------------|---------|----------------|---------|----------------|
|                              | \$      | \$             | \$      | \$             |
| <b>Financial Liabilities</b> |         |                |         |                |
| Note payable                 | -       | 200,000        | -       | 200,000        |
|                              | -       | <b>200,000</b> | -       | <b>200,000</b> |

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program and business practices seek to minimize any



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potential adverse effects on the Company's financial performance. Risk management is carried out by the senior management team.

## a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables and monies due from its processors.

The Company believes that its receivables balance is fully collectable. As of June 30, 2019, \$1,102,602 (December 31, 2018 – \$622,044) in receivables remains outstanding. The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables:

| <b>June 30, 2019</b>            | <b>1-30</b> | <b>31-60</b> | <b>61-90</b> | <b>&gt;90</b> | <b>Total</b> |
|---------------------------------|-------------|--------------|--------------|---------------|--------------|
| Accounts receivable outstanding | 979,598     | 101,314      | 12,305       | 103,590       | 1,196,807    |
| Expected loss rate (%)          | 1.0         | 3.0          | 3.5          | 5.0           |              |
| Loss allowance provision        | 9,796       | 3,039        | 431          | 5,180         | 18,446       |
| Accounts receivable, net        | 969,802     | 98,275       | 11,874       | 98,410        | 1,178,361    |

| <b>December 31, 2018</b>        | <b>1-30</b> | <b>31-60</b> | <b>61-90</b> | <b>&gt;90</b> | <b>Total</b> |
|---------------------------------|-------------|--------------|--------------|---------------|--------------|
| Accounts receivable outstanding | 514,700     | 62,981       | 3,766        | 85,871        | 667,354      |
| Expected loss rate(%)           | 7.0         | 6.0          | 6.0          | 6.0           |              |
| Loss allowance provision        | 36,029      | 3,865        | 264          | 5,152         | 45,310       |
| Accounts receivable, net        | 478,671     | 59,116       | 3,502        | 80,719        | 622,044      |

The Company maintains bank deposits with reputable financial institutions.

## b) Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost-effective manner to fund its obligations as they come due. The Company's liquidity risk is subject to a Note which has interest and repayment terms.

## c) Interest rate risk

The Company is subject to interest rate risk on future cash flows as the note payable bears a fixed rate of interest. The related party loans are interest free.

## d) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to minimize the cost of capital. The Company considers shareholders' equity as capital.



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To maintain or adjust the capital structure, the Company may issue new shares to the shareholders, draw upon existing credit facilities or sell assets. There are no changes in the Company's capital management policies for the six months ended June 30, 2019 or the year ended December 31 2018. There are no external capital management requirements or covenants as at June 30, 2019 and December 31, 2018.

**15. COMMITMENTS****Software Licence**

The Company has a software licence agreement with PlaceFull, requiring it to pay \$10,000 per month to PlaceFull to use their payment, billing and customer management software perpetually until either party terminates the agreement.

**Operating Lease**

The Company has an operating lease agreement with The Perrin Building., requiring it to pay \$5,609 per month from May 1, 2018 to April 30, 2019, and \$5,889 from May 1, 2019 to April 2020.

| <b>Year</b>      | <b>Total</b>  |
|------------------|---------------|
|                  | <b>\$</b>     |
| 2019 (remainder) | 35,334        |
| 2020             | 23,555        |
| <b>Total</b>     | <b>58,889</b> |

The Company also has additional consulting commitments summarized in the table below.

|               | <b>2019</b>   | <b>2020</b> |
|---------------|---------------|-------------|
|               | <b>\$</b>     | <b>\$</b>   |
| Consulting    | <b>39,000</b> | -           |
| <b>Totals</b> | <b>39,000</b> | -           |

Consulting commitments include \$16,500 payable to a company controlled by the Company's CFO.

**16. SUBSEQUENT EVENT****Brokered private placement**

On August 2, 2019, the Company closed on a brokered private placement (the "**Financing**") by issuing 6,026,597 units at \$0.12 per unit (C\$0.15), raising gross proceeds of \$711,692 (C\$225,998). Each unit consisted on one common share and 1 common-share purchase warrant, exercisable for 2 years after issue at C\$0.30 each. In concert with the Financing, the Company incurred broker fees and expenses of \$97,000 (C\$121,250) and issued 500,000 corporate finance options, exercisable at C\$0.15 each that were immediately exercised.

