PRODIGY VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Prodigy Ventures Inc.:

Opinion

We have audited the consolidated financial statements of Prodigy Ventures Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Natalie Hope Brykman.

MNP LLP

Toronto, Ontario
April 3, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

Prodigy Ventures Inc.
Consolidated Statements of Financial Position as at December 31, 2018 and 2017
(Expressed in Canadian dollars)

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash	$ 1,269,182	$ 1,223,036
Accounts receivable (Note 8)	3,418,191	2,301,593
Contract asset	-	23,758
Income taxes recoverable	180,386	179,626
Prepaid expenses	52,264	48,477
	4,920,023	3,776,490
Non-current assets:		
Long-term prepaid expenses	33,490	-
Deferred tax asset (Note 12)	53,594	124,282
Property and equipment (Note 3)	77,820	77,201
	164,904	201,483
Total assets	$ 5,084,927	$ 3,977,973
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	$ 2,181,510	$ 1,443,279
Contract liability	50,245	40,567
	2,231,755	1,483,846
Total liabilities	2,231,755	1,483,846
Shareholders' Equity		
Share capital (Note 6(b))	699,822	501,537
Contributed surplus	97,800	112,635
Retained earnings	2,055,550	1,879,955
	2,853,172	2,494,127
Total liabilities and shareholders' equity	$ 5,084,927	$ 3,977,973

On behalf of the Board:

“Thomas Beckerman”, Director
“Stephen Moore”, Director

Commitments (Note 15)

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

Prodigy Ventures Inc.
Consolidated Statements of Operations and Comprehensive Income
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
Revenue (Note 10)	$ 16,943,045	$ 12,140,692
Direct costs	12,892,061	8,540,912
Gross profit	4,050,984	3,599,780
Expenses:		
Advertising and promotion	55,261	56,159
Compensation	2,057,982	1,282,505
Computer	121,224	119,806
Depreciation (Note 3)	24,849	20,223
Finance costs	5,988	34,910
Loss on sale of property and equipment (Note 3)	-	983
Office and general	34,633	11,919
Professional fees	168,119	354,553
Rent and occupancy costs	186,692	98,646
Research and development	1,017,945	988,571
Share-based compensation (Note 6(c))	60,950	58,560
Telecommunications	11,308	10,843
Travel	37,841	55,641
	3,782,792	3,093,319
Net income before tax	268,192	506,461
Income taxes (Note 12)	92,597	158,933
Net income and comprehensive income for the year	$ 175,595	$ 347,528
Net income per share - basic and diluted (Note 13)	$ 0.00	$ 0.00

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

Prodigy Ventures Inc.
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	Common shares	Restricted voting shares	Share capital (Note 6)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2016	25,688,232	88,051,416	$ 411,212	$ 87,108	$ 1,532,427	$ 2,030,747
Share-based compensation (Note 6(c))	–	–	–	58,560	–	58,560
Exercise of options (Note 6(b))	541,670	–	90,325	(33,033)	–	57,292
Net income	–	–	–	–	347,528	347,528
Balance, December 31, 2017	26,229,902	88,051,416	$ 501,537	$ 112,635	$ 1,879,955	$ 2,494,127

	Common shares	Restricted voting shares	Share capital (Note 6)	Contributed surplus	Retained earnings	Total shareholders' equity
Balance, December 31, 2017	26,229,902	88,051,416	$ 501,537	$ 112,635	$ 1,879,955	$ 2,494,127
Share-based compensation (Note 6(c))	–	–	–	60,950	–	60,950
Exercise of options (Note 6(b))	1,225,000	–	198,285	(75,785)	–	122,500
Net income	–	–	–	–	175,595	175,595
Balance, December 31, 2018	27,454,902	88,051,416	$ 699,822	$ 97,800	$ 2,055,550	$ 2,853,172

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

Prodigy Ventures Inc.
Consolidated Statements of Cash Flows
Years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
Cash flows from operating activities		
Net income for the year	$ 175,595	$ 347,528
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation (Note 3)	24,849	20,223
Loss on sale of property and equipment	-	983
Share-based compensation (Note 6(c))	60,950	58,560
Finance costs	5,988	34,910
Income taxes	92,597	158,933
Change in non-cash operating working capital:		
(Increase) in accounts receivable	(1,116,598)	(584,392)
Decrease (increase) in contract asset	23,758	(19,793)
(Increase) decrease in prepaid expenses	(37,277)	10,720
Increase (decrease) in accounts payable and accrued liabilities	738,231	(105,566)
Increase in contract liability	9,678	22,218
Cash flows used in operating activities	(22,229)	(55,676)
Income taxes paid	(22,669)	(566,653)
Net cash used in operating activities	(44,898)	(622,329)
Cash flows from investing activities		
Purchase of property and equipment (Note 3)	(25,468)	(46,265)
Sale of property and equipment	-	2,493
Net cash used in investing activities	(25,468)	(43,772)
Cash flows from financing activities		
Repayments of long-term debt	-	(149,903)
Proceeds from exercise of stock options	122,500	57,292
Finance costs paid	(5,988)	(34,910)
Net cash flows from (used in) financing activities	116,512	(127,521)
Increase (decrease) in cash	46,146	(793,622)
Cash, beginning of year	1,223,036	2,016,658
Cash, end of year	$ 1,269,182	$ 1,223,036

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

1. NATURE OF OPERATIONS

Prodigy Ventures Inc. ("Prodigy" or the "Company") is engaged in creating platforms and applications with technologies in mobile, video, secure identity, voice, blockchain, payments, augmented reality and artificial intelligence. The Company provides clients with technology services for business strategy, application design, development and implementation. The Company was incorporated as 71 Capital Corp. under the Canada Business Corporations Act on February 6, 2008 and was classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSXV").

The Company's registered office is as follows: 161 Bay Street, Suite 4420, P.O. Box 125, TD Canada Trust Tower, Toronto, Ontario M5J 2S1. The Company's common shares are listed on the TSXV under the symbol PGV.

On September 10, 2015, the Company closed its Qualifying Transaction pursuant to an agreement between 71 Capital Corp., TCB Corporation and 2478677 Ontario Ltd., and 71 Capital Corp. changed its name to Prodigy Ventures Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are carried at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 3, 2019.

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the period.

Management continuously evaluates the estimates and underlying assumptions based on management's experience and knowledge of facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if affected.

Significant estimates made by management include the following:

Revenue recognition:

Revenue relating to fixed price professional services contracts is recognized based on the percentage of completion of the performance obligation which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. The Company estimates the costs associated with the performance obligation based on labour cost. Refer to Revenue Recognition section for discussion on the impact on the adoption of IFRS 15 *Revenue from Contracts with Customers.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Critical accounting judgments and estimates - continued

Allowance for doubtful accounts:

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates. On January 1, 2018, the Company adopted IFRS 9 *Financial Instruments*. Refer to Impairment of Financial Assets section for discussion on the impact on the adoption of IFRS 9 Financial Instruments, as it relates to impairment of financial assets.

Deferred tax assets and liabilities:

The Company estimates the amount and the timing of the reversing of temporary differences giving rise to deferred tax assets or liabilities and recognizes this amount based on historical experience and substantively enacted tax rates.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary company, TCB Corporation. All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investment dealers, and short-term deposits with original maturities of less than three months at date of acquisition and are initially recorded at fair value. As at December 31, 2018 and 2017, the Company did not have any cash equivalents.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses recorded. Cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment and depreciated accordingly. The carrying amount of any replaced component or a component no longer in use is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of property and equipment will flow to the Company and the costs of the item can be reliably measured. All other expenses are charged to operating expenses as incurred.

Depreciation is based on the cost of an asset less its estimated residual value. Depreciation is charged to profit or loss over the estimated useful life of an asset. Depreciation is provided on a declining-balance basis using the following rates:

Computer hardware – 30% declining balance

Computer software – 30% declining balance

Furniture – 30% declining balance

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such a change is recognized on a prospective basis in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition

On January 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers*. 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 judgement thresholds have been introduced which may affect the timing of revenue recognized.

The Company records revenue from contracts with customers in accordance with the five steps in IFRS 15 as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

The Company has elected to adopt IFRS 15 using the cumulative effect method as of the date of initial application on January 1, 2018, with no restatement of comparative period amounts. As the effect of adopting IFRS 15 did not have a material impact on the financial statements, there was no adjustment made to the opening balance of equity at the date of initial application.

The Company derives its revenues from software and related professional service contracts. Revenue comprises the fair value of consideration received or receivable from the provision of services in the ordinary course of business.

Revenue from contracts with customers is recognized for each performance obligation as control is transferred to the customer over time as progress towards completion of the performance obligation. The transaction price is generally the amount stated in the contract.

The Company recognizes professional services revenues based on time and material incurred, or for fixed price professional service contracts, based on the percentage of completion of the performance obligation, which is assessed based on actual labour cost and budgeted cost required to complete the performance obligation. If a loss on a contract is considered probable, the loss is recognized when it is determinable.

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue earned in excess of contract billings is recorded as contract asset. Cash proceeds received in advance of performance under contracts are recorded as contract liability. Contract liability is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from period end.

Contract costs, such as commissions or incremental costs of obtaining a contract with a customer, are recognized as an asset if we expect the period of benefit for those costs to be longer that one year and those costs are expected to be recoverable under the expected term of the contract. As all contracts are for a period of less than one year, no contract costs have been recorded.

Operating leases

The aggregate cost of operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognized as an integral part of the total lease expense over the term of the lease.

Research and development costs and investment tax credits

All costs relating to research are expensed as incurred. Investment tax credits are recognized in the period in which the credits are earned and realization is considered more likely than not. Assistance received or receivable is accounted for using the cost reduction approach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income tax and deferred taxes

The tax expense recognized in net income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

The tax currently payable is based on the taxable income or loss for the period. The taxable income or loss may differ from the income or loss for the period as reported in the accompanying consolidated statements of operations and comprehensive income due to the exclusion, if any, of revenue or expense items that are taxable or deductible in other periods, as well as items that are not taxable or deductible. The Company's liability for current income taxes is calculated using income tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax, if any, is recognized using the liability method on differences between the carrying amounts of assets and liabilities in the accompanying consolidated financial statements and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income or loss, nor the income or loss for the period reported in the Company's consolidated statements of operations and comprehensive income.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that have been enacted or substantively enacted by the end of the reporting period and applicable in the period in which the liability is expected to be settled or the asset realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of all or part of the asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Changes in deferred tax assets or liabilities are recognized as a component of taxable revenue or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income or directly in equity, in which case, the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in contributed surplus, over the vesting period of the award (Note 6(c)). The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon the exercising of options, the fair value of the options exercised that has been added to contributed surplus is reclassified to common shares and reflected in the consolidated statements of changes in shareholders' equity.

Equity settled transactions with non-employees are generally measured at the fair value of the goods or services received, and are measured with reference to the fair value of the equity instruments granted if the fair value of the goods or services received cannot be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment testing of property and equipment

The costs of the Company's property and equipment not ready to be used, if any, are not subject to depreciation and are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable during a reporting period. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"s). An impairment loss is recognized for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset or CGU's fair value, less costs to sell, and value-in-use.

To determine the value-in-use, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. As a result, some assets are tested individually for impairment and some are tested at the CGU level.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis. Long-lived assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. For such assets, an impairment charge is reversed if the CGUs or individual asset's recoverable amount exceeds its carrying amount.

Provisions

Provisions are recognized when the Company has a present legal obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and this amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

Financial instruments – assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

At initial recognition, the Company classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

Cash and cash equivalents are initially measured at fair value and subsequently measured amortized cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial instruments – assets and liabilities - continued

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable comprise trade receivables and are included in current assets due to their short-term nature. Accounts receivable are initially measured at fair value and, subsequently, are measured at amortized cost using the effective interest method.

Accounts payable and those accrued liabilities which are financial instruments are initially recognized at fair value and, subsequently, they are measured at amortized cost, which generally corresponds to cost. These instruments are included in current liabilities due to their short-term nature.

Impairment of financial assets

On January 1, 2018, the Company adopted IFRS 9 Financial Instruments.

The Company implemented IFRS 9 replacing IAS 39 on December 31, 2017 by applying the requirements for classification and measurement, including impairment, retrospectively with the cumulative effects of initial application recorded in opening retained earnings as at December 31, 2017 with no restatement of comparative periods. Therefore, the comparative information has not been restated and continues to be reported under IAS 39.

Prior to December 31, 2017, under IAS 39, financial assets other than those carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for an asset.

In assessing collective impairment, the Company used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses, if any, were recognized in the accompanying consolidated statements of operations and comprehensive income and are reflected in an allowance account against the corresponding financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss would have been reversed.

As at December 31, 2017 and thereafter, under IFRS 9, a forward-looking ECL model is applied, at each reporting date, to financial assets measured at amortized cost. IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (“ECL”) model. The ECL model requires judgement, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each reporting date, to the Company’s financial assets measured at amortized cost.

The Company has adopted the practical expedient to determine ECL on trade receivables using a provision matrix based on historical credit loss experiences adjusted to reflect information about current economic conditions and forecasts of future economic conditions to estimate lifetime ECL.

The provision matrix and other ECL models applied on adoption of IFRS 9 did not have a material impact on the financial assets of the Company. Impairment losses are recorded in general and administrative expenses with the carrying amount of the financial asset or contract asset reduced through the use of impairment allowance accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Related party transactions

Parties are considered to be 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 considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Comprehensive income (loss)

Basic comprehensive income (loss) comprises net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) represents changes in shareholders' equity and would be presented as accumulated other comprehensive income (loss). However, the Company has not had material income or losses relating to other comprehensive income (loss) and, accordingly, has made no adjustments to the accompanying consolidated financial statements.

Income per share

The Company calculates basic income per share by dividing the net income attributable to common and restricted shareholders by the weighted average number of common and restricted shares outstanding during the year. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common or restricted shares are exercised or converted. Diluted income (loss) per share would be equal to basic income (loss) per share when the effect of dilutive securities is anti-dilutive.

Recently adopted accounting policy changes

Effective January 1, 2018, the Company has adopted the following standards and amendments which did not have a material impact on the consolidated financial statements.

IFRS 2 - Classification and Measurement of Share-based Payment Transactions ("IFRS 2") - On June 20, 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payments with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 - Financial Instruments ("IFRS 9") - IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") - IFRS 15 replaces IAS 11, Construction Contracts and IAS 18, Revenue, as well as various interpretations regarding revenue. Under IFRS 15, the revenue recognition model has changed from one based on the transfer of risks and rewards of ownership to the transfer of control. The vast majority of the Company’s contracts with customers include one performance obligation. As the transfer of risks and rewards generally coincides with the transfer of control at a point in time, upon delivery, the timing and amount of revenue recognized from this principal revenue stream has not changed as a result of the adoption of this new standard.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Future accounting policy changes

At the date of the authorization of these consolidated financial statements, the IASB has issued the following new and revised standards and amendments which are not yet effective for the relevant periods.

IFRS 16 - Leases ("IFRS 16") - In January 2016, the IASB issued the final publication of the IFRS 16 standard, which will supersede the current IAS 17, Leases ("IAS 17") standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. Based on the information available as at April 3, 2019, as a result of the initial application of IFRS 16 as at December 31, 2018, management anticipates recognizing approximately $1,150,000 of right-of-use assets and $1,110,000 of lease liabilities, on its consolidated statement of financial position.

3. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2016	$ 69,722	$ 5,994	$ 4,248	$ 79,964
Additions	41,158	–	5,107	46,265
Disposals	–	–	(4,445)	(4,445)
Balance, December 31, 2017	$ 110,880	$ 5,994	$ 4,910	$ 121,784
Additions	24,103	–	1,365	25,468
Balance, December 31, 2018	$ 134,983	$ 5,994	$ 6,275	$ 147,252
Accumulated depreciation				
Balance, December 31, 2016	$ 19,034	$ 5,701	$ 594	$ 25,329
Depreciation	19,254	88	881	20,223
Disposals	–	–	(969)	(969)
Balance, December 31, 2017	$ 38,288	$ 5,789	$ 506	$ 44,583
Depreciation	23,415	62	1,372	24,849
Balance, December 31, 2018	$ 61,703	$ 5,851	$ 1,878	$ 69,432
Carrying amounts				
Balance, December 31, 2017	$ 72,592	$ 205	$ 4,404	$ 77,201
Balance, December 31, 2018	$ 73,280	$ 143	$ 4,397	$ 77,820

4. LINE OF CREDIT

In December 2017, the Company established an operating line of credit for up to $2,000,000, which carries an interest rate of prime plus 1.15%. This facility is covered by a General Security Agreement and standard operating covenants. The Company has not utilized the operating line as of December 31, 2018.

(Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included the following as at December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Salaries	$ 407,203	$ 240,114
Trade payables	1,166,647	676,035
Accrued liabilities	519,059	501,612
HST payable	88,601	25,518
Total	$ 2,181,510	$ 1,443,279

6. SHARE CAPITAL

a) Authorized

Unlimited common shares: voting, without par value, participating
Unlimited restricted shares: non-voting, without par value, participating in dividends when concurrently declared on common shares

b) Shares issued and outstanding

	Number of shares	Amount
Common shares		
Balance, December 31, 2016	25,688,232	$ 410,717
Exercise of options	541,670	90,325
Balance, December 31, 2017	26,229,902	501,042
Exercise of options	1,225,000	198,285
Balance, December 31, 2018	27,454,902	699,327
Restricted shares (i)		
Balance, December 31, 2016, 2017, 2018	88,051,416	$ 495
Total, December 31, 2018		$ 699,822

(i) With the exception of certain voting rights, the restricted shares have the same attributes as the Company's common shares. The restricted shares are classified as common shares for purposes of net income per share calculations. The holders of the restricted shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, to such assets of the Company as are available for distribution. The restricted shares will also be converted into common shares, in the event of certain change of control transactions. The restricted shares are non-transferable. Each restricted share is convertible into one common share, without the payment of additional consideration by the holder thereof, in certain circumstances including, as and when such conversion is permitted by the rules of the TSXV which may include, without limitation, where additional common shares are issued by the Company to shareholders other than the holders of restricted shares. Any such conversion right shall be allocated among the holders of restricted shares on a pro rata basis according to their holdings of restricted shares.

(Expressed in Canadian dollars)

6. SHARE CAPITAL – CONTINUED

c) Stock options outstanding

The Company has adopted a Stock Option Plan (the "Option Plan") to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. The Option Plan is a "rolling" stock option plan, whereby options may be granted equal in number to up to 10% of the issued common shares of the Company at the time of the grant of the stock option.

The following table reflects the continuity of stock options for the years ended December 31, 2018 and 2017:

	December 31, 2018			December 31, 2017		
Expiry date	**Number of options**	**Exercise price**	**Weighted average exercise price**	**Number of options**	**Exercise price**	**Weighted average exercise price**
Outstanding, beginning of year	1,785,000	$ 0.100	$ 0.100	2,285,000	$ 0.100	$ 0.100
Granted (i)	-	-	-	100,000	0.175	0.175
Granted (ii)	-	-	-	183,823	0.350	0.350
Granted (iii)	590,000	0.175	0.175	-	-	-
Exercised	(1,225,000)	0.100	0.100	(41,670)	0.175	0.175
Exercised	-	-	-	(500,000)	0.100	0.100
Cancelled/Expired	(100,000)	0.100	0.100	(58,331)	0.175	0.175
Cancelled/Expired	-	-	-	(183,823)	0.350	0.350
Outstanding, end of year	1,050,000		$ 0.142	1,785,000		$ 0.100
Exercisable, end of year	718,750		$ 0.127	1,785,000		$ 0.100

(i) On January 13, 2017, the Company granted 100,000 incentive stock options for investor relations services. The options were to vest in equal amounts each month over 12 months commencing on January 16, 2017 and were exercisable at a price of $0.175 per share for a period of one year from each individual vesting date. In July, 2017, the engagement was terminated and the remaining options expired.

(ii) On April 30, 2017, the Company granted 183,823 incentive stock options for advisory services relating to prospective combination transactions (each a “Transaction”). Each option entitled the holder to acquire one common share of the Company at a price of $0.35 at any time after the successful completion of a Transaction until the 24-month anniversary of the successful completion of a Transaction. In October 2017, the engagement was terminated and the remaining options expired.

(iii) On April 1, 2018, officers of the Company were granted 590,000 incentive stock options. Of the total, 345,000 options will vest in 12 equal monthly instalments over 12 months which began on April 30, 2018, each exercisable into one common share at a price of $0.175 per share for a period of two years from each vesting date. An additional 245,000 incentive stock options will vest on March 31, 2019 each exercisable into one common share at a price of $0.175 per share until March 31, 2021.

(Expressed in Canadian dollars)

6. SHARE CAPITAL – CONTINUED

c) Stock options outstanding - continued

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2018 are as follows:

	Options Outstanding			Options Exercisable	
Exercise price	**Number outstanding**	**Weighted average exercise price**	**Average remaining contractual life (years)**	**Number exercisable**	**Weighted average exercise price**
$ 0.100	460,000	$ 0.100	1.00	460,000	0.100
$ 0.175	590,000	$ 0.175	1.98	258,750	0.175
Total	1,050,000	$ 0.142	1.55	718,750	$ 0.127

The estimated fair value of the options granted during the years ended December 31, 2018 and 2017 was determined on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2018	**2017**
Fair value of options	$0.108 - $0.123	$0.08 - $0.18
Exercise price	$0.175	$0.175 - $0.35
Risk-free interest rate	1.92%	0.72% - 0.79%
Dividend yield	0%	0%
Volatility factor based on comparable companies	118.7%	99.1%
Weighted average expected life of the options, in years	2.08 - 3.00	1.47 - 2.00

The Company recorded stock-based compensation expense of $60,950 for year ended December 31, 2018 (2017 - $58,560) in connection with stock options issued.

d) Restricted Share Unit Plan

The Company has also adopted a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan is a complimentary mechanism to the Company's Option Plan. Its purpose is to provide an incentive to the Company's senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. Under the RSU Plan, the aggregate number of common shares which may be issued will not exceed 2,568,823 at the time of grant of any restricted share unit ("RSU"). As of December 31, 2018, the Company has not granted any RSU's under the RSU Plan.

7. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the common and restricted shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the years ended December 31, 2018 and 2017. As at December 31, 2018, the Company was not subject to externally imposed capital requirements other than standard operating covenants associated with the line of credit.

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities and long-term debt where applicable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes approximates those of similar instruments in the current market. Except as otherwise noted, the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the Company's risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Credit risk

Concentration of credit risk relates primarily to the Company's accounts receivable, as the receivables are principally derived from one revenue source: technology services. During the year ended December 31, 2018, the Company derived 74% of its revenue from one customer (2017 – 92% from one customer). As at December 31, 2018, one customer represented 62% (December 31, 2017 – 89%) of the accounts receivable balance. Over 99% of the Company’s revenue was received from customers currently located in Canada (2017 – 99%). As at December 31, 2018, approximately 53% (December 31, 2017 – 51%) of the Company’s accounts receivable are greater than 30 days past due. As at the following dates, the aging of gross trade and other receivables were as follows:

	December 31, 2018	December 31, 2017
Current	$ 1,588,230	$ 1,078,268
1 - 30 days	6,780	51,658
31 - 60 days	1,211,650	799,529
61 - 90 days	253,009	278,947
Greater than 90 days	358,522	93,191
Total	$ 3,418,191	$ 2,301,593

The expected credit loss was $nil at both December 31, 2018 and December 31, 2017. There is no indication, as at these dates, that the debtors will not meet their obligations. Bad debt expenses were $nil for all reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all rental contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations, which limits the credit risk relating to the customer.

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and third-party financing to sustain ongoing operations. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations.

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. As at December 31, 2018 and December 31, 2017, the Company did not have any active debt and was therefore not subject to interest rate risk.

Fair value hierarchy

The following summarizes the Company's financial instruments that are carried at fair values according to the fair value hierarchy, which comprises the following levels. 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.

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); and

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

There were no transfers of financial assets between any of the levels during the years ended December 31, 2018 and 2017.

9. ECONOMIC DEPENDENCE

For the year ended December 31, 2018, approximately 74% (2017 – 92%) of the Company's revenue related to transactions entered into with one customer. As at December 31, 2018, approximately 62% (December 31, 2017 – 89%) of the accounts receivable balance related to this same customer.

10. REVENUE

Revenue comprises:

	Year ended December 31, 2018	Year ended December 31, 2017
Fixed price contracts	$ 5,024,078	$ 6,576,666
Time and materials	11,918,967	5,563,657
Digital product sales	-	369
Total	$ 16,943,045	$ 12,140,692

At December 31, 2018, the aggregate amount of costs incurred and revenue recognized to date under open fixed price contracts amounted to $253,615 and $365,642, respectively (December 31, 2017 - $885,480 in costs incurred and $1,335,822 in revenue recognized).

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

The Company rented office space from its Chief Executive Officer on a month-to-month lease. These transactions were in the normal course of operations and are measured at the fair value of the rented office space, which is the amount agreed to by the related parties. During the year ended December 31, 2018, the Company paid $12,000 (2017 - $12,000) in rent and occupancy costs.

Compensation to key management personnel

Compensation earned for the years ended December 31, 2018 and 2017 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries, fees and benefits	$ 2,307,194	$ 1,843,048
Share-based compensation	60,950	39,636
Total	$ 2,368,144	$ 1,882,684

12. INCOME TAXES

a) The components of the current and deferred tax (recovery) expense were as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax expense	$ 21,909	$ 196,797
Deferred tax expense (recovery)	70,688	(37,864)
	$ 92,597	$ 158,933

b) A reconciliation of the Company's income taxes at statutory rates with reported taxes is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Income before income taxes	$ 268,192	$ 506,461
Statutory tax rate	26.5%	26.5%
Income tax expense using the Company's statutory tax rate	71,071	134,212
Increase (decrease) in taxes resulting from:		
Permanent differences	21,526	20,299
Other items	-	4,422
Income tax expense	$ 92,597	$ 158,933

(Expressed in Canadian dollars)

12. INCOME TAXES - CONTINUED

c) Unrecognized deferred tax asset:

The Company had a non-capital loss carried forward of $340,364 at December 31, 2018 (2017 - $340,634). This non-capital loss arose prior to the Qualifying Transaction. The Company did not recognize a deferred tax asset associated with these non-capital losses because the former business of 71 Capital, where the losses arose, has ceased.

d) Temporary differences:

Temporary differences comprising the deferred tax asset (liability) and the amounts of deferred income tax expense recognized in the consolidated statement of operations and comprehensive income for each temporary difference are estimated as follows:

	December 31, 2017	Recognized in net income	December 31, 2018
Property and equipment	$ (11,771)	$ 2,726	$ (9,045)
Non-capital losses carried forward	108,928	(60,929)	47,999
Deferred financing costs	27,125	(12,485)	14,640
	$ 124,282	$ (70,688)	$ 53,594

13. NET INCOME PER SHARE

The computations for basic and diluted net income per share are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Net income for the year	$ 175,595	$ 347,528
Weighted average number of common and restricted shares outstanding, basic	114,451,523	113,810,655
Effect of dilutive securities – share-based payments	715,535	1,138,475
Weighted average number of common and restricted shares outstanding, Diluted	115,167,058	114,949,130
Net income per share, basic	$ 0.00	$ 0.00
Net income per share, diluted	$ 0.00	$ 0.00

14. OPERATING SEGMENT INFORMATION

The Company evaluates operational performance based on two reportable operating segments. Prodigy's technology services provider, Prodigy Labs, provides clients with consulting services for strategy, design, project management, application development, staff augmentation and services related to Prodigy's business platforms. Prodigy is also a venture builder. This segment (the "Venture Builder") is creating new business platforms and applications in many of the highest growth technology segments: mobile, video, secure identity, voice, blockchain, payments, augmented reality and artificial intelligence. The Venture Builder's business platforms and applications are or will be designed to deliver B2B, B2C, P2P (Peer to Peer) and IoT (Internet of Things) capabilities.

The Company's Chief Executive Officer, the chief operating decision maker ("CODM"), evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these consolidated financial statements. The accounting policies of the segments are the same as those described in Note 2.

(Expressed in Canadian dollars)

14. OPERATING SEGMENT INFORMATION - CONTINUED

Total segment assets and total segment liabilities are not measures used by the CODM to assess performance and to make resource allocation decisions.

An analysis of the Company's revenue and expenses by segment is presented below for the years ended December 31, 2018 and 2017. Over 99% of the Company's revenue was received from Canadian customers.

	Year ended December 31, 2018			Year ended December 31, 2017		
	Prodigy Labs	**Venture Builder**	**Total**	**Prodigy Labs**	**Venture Builder**	**Total**
Revenue	$16,943,045	$ -	$16,943,045	$12,140,323	$ 369	$ 12,140,692
Direct costs	12,892,061	-	12,892,061	8,525,606	15,306	8,540,912
Gross profit (loss)	4,050,984	-	4,050,984	3,614,717	(14,937)	3,599,780
Expenses:						
Advertising and promotion	51,597	3,664	55,261	40,176	15,983	56,159
Compensation	1,927,316	130,666	2,057,982	1,156,083	126,422	1,282,505
Computer	80,837	40,387	121,224	52,306	67,500	119,806
Depreciation	23,210	1,639	24,849	18,200	2,023	20,223
Finance costs	5,661	327	5,988	31,449	3,461	34,910
Loss on sale of property and equipment	-	-	-	876	107	983
Office and general	32,676	1,957	34,633	9,004	2,915	11,919
Professional fees	156,678	11,441	168,119	317,258	37,295	354,553
Rent and occupancy	90,839	95,853	186,692	24,660	73,986	98,646
Research and development	-	1,017,945	1,017,945	-	988,571	988,571
Share-based compensation	57,726	3,224	60,950	44,364	14,196	58,560
Telecommunications	10,076	1,232	11,308	7,486	3,357	10,843
Travel	35,356	2,485	37,841	43,548	12,093	55,641
	2,471,972	1,310,820	3,782,792	1,745,410	1,347,909	3,093,319
Net income (loss) before income taxes	1,579,012	(1,310,820)	268,192	1,869,307	(1,362,846)	506,461
Income taxes (recovery)	487,537	(394,940)	92,597	586,609	(427,676)	158,933
Net income (loss) and comprehensive income (loss) for the period	$ 1,091,475	$ (915,880)	$ 175,595	$ 1,282,698	$ (935,170)	$ 347,528

15. COMMITMENTS

The Company has entered into a thirty-eight month lease agreement effective October, 2018. As at December 31, 2018, the future minimum annual base rent on office premises under existing operating leases is:

2019	$ 171,625
2020	171,625
2021	157,323
Total	$ 500,573