IMEX SYSTEMS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Imex Systems Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2018,	As at December 31, 2017
ASSETS		
Current assets		
Cash	$ 878	$ 378
Funds held in trust (note 6)	67,247	69,096
Accounts receivable (note 7)	198,718	372,798
Prepaid expenses	11,817	11,816
Loan receivable from employee (note 8)	6,094	5,750
Harmonized sales taxes receivable	2,786	12,986
Total current assets	287,540	472,824
Non-current assets		
Property, plant and equipment (note 9)	119,698	128,325
Total assets	$ 407,238	$ 601,149
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Bank indebtedness (note 10)	$ 332,569	$ 336,192
Accounts payable and accrued liabilities (note 11)	1,740,807	1,898,266
Short-term loan (note 13)	434,424	434,424
Current portion of long-term debt (note 12)	42,352	42,352
Total current liabilities	2,550,152	2,711,234
Non-current liabilities		
Long-term debt (note 12)	152,583	152,583
Total Liabilities	2,702,735	2,863,817
Shareholders' (deficit) equity		
Capital stock (note 14)	6,489,127	6,489,127
Contributed surplus	3,505,817	3,505,817
Warrants (note 16)	498,358	498,358
Deficit	(12,788,799)	(12,755,970)
Total shareholders' (deficit) equity	(2,295,497)	(2,262,668)
Total liabilities and shareholders' (deficit) equity	$ 407,238	$ 601,149

Going Concern Assumption (note 2); Commitments and Contingencies (note 21)

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Approved on behalf of the Board of Directors:

"Andrew Lindzon", Director   "Krishnasamy Parthiban", Director

Imex Systems Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Fee revenue	**$ 411,567**	$ 493,322
Cost of sales		
Consulting contractors	**261,683**	426,203
Gross margin	**149,884**	**67,119**
Operating expenses		
General and administrative (note 22)	**134,019**	207,751
Remuneration (note 22)	**23,473**	430,891
Selling (note 22)	**282**	30,284
Occupancy (note 22)	**24,939**	26,101
Loss before other expenses	**(32,829)**	(627,908)
Other expenses (income)		
Loss (gain) on foreign exchange	**-**	(3,446)
Share-based payments (note 17)	**-**	578,770
	-	575,324
Loss before income taxes	**(32,829)**	(1,203,232)
Income tax expense (recovery)	**-**	-
Net loss	**(32,829)**	(1,203,232)
Other comprehensive income	**-**	-
Total comprehensive loss	**$ (32,829)**	$ (1,203,232)
Basic and diluted net loss per share	**$ (0.00)**	$ (0.07)
Weighted average number of shares outstanding (note 18)	**17,754,301**	17,754,301

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Imex Systems Inc.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating activities		
Net loss for the period	**$ (32,829)**	$ (1,203,232)
Adjustment for:		
Amortization of property, plant and equipment	**8,627**	13,165
Accrued interest	**-**	6,438
Share-based payments	**-**	578,770
Changes in non-cash working capital items:		
Accounts receivable	**174,080**	119,286
Prepaid expenses	**(1)**	(20,803)
Harmonized sales taxes receivable	**-**	(60,246)
Accounts payable and accrued liabilities	**(157,459)**	529,245
Harmonized sales taxes payable	**10,200**	-
Net cash provided by (used in) operating activities	**2,618**	(37,377)
Investing activities		
Loan repayment from (advanced to) employee	**(344)**	-
Decrease (increase) in funds held in trust	**1,849**	29,941
Net cash provided by investing activities	**1,505**	29,941
Financing activities		
Increase (decrease) in bank indebtedness	**(3,623)**	26,795
Repayment of long-term debt	**-**	(5,585)
Net cash provided by (used in) financing activities	**(3,623)**	21,210
Net change in cash	**500**	13,774
Cash, beginning of period	**378**	5,381
Cash, end of period	**$ 878**	$ 19,155
Supplemental Information		
Interest paid	**$ 10,049**	$ 18,621
Income taxes paid	$ -	$ -

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Imex Systems Inc.
Condensed Interim Statements of Changes in (Deficit) Equity
(Expressed in Canadian Dollars)
Unaudited

	Capital stock	Warrants	Equity portion of convertible debentures	Contributed surplus	Retained Earnings (Deficit)	Total
Balance, December 31, 2016	**$ 6,489,127**	**$ 498,358**	**$ -**	**$ 2,927,047**	**$ (11,519,697)**	**$(1,605,165)**
Share-based payments	-	-	-	578,770	-	578,770
Net loss for the period	-	-	-	-	(1,203,232)	(1,203,232)
Balance, March 31, 2017	**$ 6,489,127**	**$ 498,358**	**$ -**	**$ 3,505,817**	**$ (12,722,929)**	**$(2,229,627)**

	Capital stock	Warrants	Equity portion of convertible debentures	Contributed surplus	Retained Earnings (Deficit)	Total
Balance, December 31, 2017	**$ 6,489,127**	**$ 498,358**	**$ -**	**$ 3,505,817**	**$ (12,755,970)**	**$(2,262,668)**
Net loss for the period	-	-	-	-	(32,829)	(32,829)
Balance, March 31, 2018	**$ 6,489,127**	**$ 498,358**	**$ -**	**$ 3,505,817**	**$ (12,788,799)**	**$(2,295,497)**

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

1. Nature of Operations

Imex Systems Inc. (the "Company" or "Imex") is incorporated under the laws of Ontario. The Company provides technology and solutions for eGovernment, Smart Cities and Digital Payments, and provides consulting services on various aspects to government agencies. The Company currently derives approximately 100% of its revenue from contracts with ministries of the provincial government. The registered office is at 34 Greensboro Drive, Etobicoke, Ontario, Canada.

On June 14, 2016, the Company commenced trading on the TSX Venture Exchange under the symbol IMX. The symbol was subsequently changed to IMEX on November 4, 2016.

2. Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions, such as those described below and herein, that may cast significant doubt upon the Company's ability to continue as a going concern.

During the three months ended March 31, 2018, the Company has incurred net loss of $32,829 (December 31, 2017 - $1,236,273) and as at March 31, 2018, the Company has an accumulated deficit of $12,788,799 (December 31, 2017 $12,755,970). In addition, the Company has a working capital deficiency as at March 31, 2018 of $2,262,612 (December 31, 2017 $2,238,410). In addition, as explained in Note 10 to the financial statements, the Company is non-compliant with the debt covenants and the Company’s banker has not provided a waiver nor has demanded for immediate repayment. These circumstances create a significant doubt about the Company’s ability to meet its obligations as they become due and, accordingly, the appropriateness of the use of the going concern assumption.

Management intends to work with creditors to have them forbear on demanding currently due amounts while it pursues financing options available that would provide the Company with sufficient cash to repay ongoing commitments as they become due and pusue its arbitration proceedings against the Botswana government.

The board of directors have passed a resolution to raise up to $3 million on a private placment of the common shares of the Company. The ability of the Company to arrange such financing is dependent in part upon the prevailing capital market conditions. There is no assurance that the Company will be able to obtain the external financing necessary to fund its continuing operations. Under these circumstances the Company maintains the position that the application of going concern assumption is still appropriate.

There is no assurance that the Company's plan to raise cash and defer debt will be successful. Accordingly, these unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statements of financial position classifications used that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

3. Significant Accounting Policies

Statement of compliance

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

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 30, 2018, the date the Board of Directors approved the statements.

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, consistent with the details provided in the fair value note, which are measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these unaudited condensed interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements.

Significant accounting policies

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2017.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2017. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2018.

New accounting standards adopted

The following standards have been applied in preparing the unaudited condensed interim financial statements as at March 31, 2018 and did not have a significant impact on the financial statements.

3. Significant Accounting Policies (continued)

New accounting standards adopted (continued)
Financial instruments

IFRS 9 'Financial Instruments: Classification and Measurement' - replaces the guidance on classification and measurement of financial instruments in IAS 39 Financial Instruments Recognition and Measurement. The new standard requires a consistent approach to the classification of financial assets and replaces the numerous categories of financial assets in IAS 39 with two categories, measured at either amortized cost or at fair value. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new standard (a) no longer requires the use of a specific quantitative threshold to determine if the hedging relationship is highly effective in order to qualify for hedge accounting; (b) removes restrictions that prevented some economically rational hedging strategies from qualifying for hedge accounting; and (c) allows purchased options, forwards and non-derivative financial instruments to be hedging instruments in applicable circumstances. The standard becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively or on a modified retrospective basis with the exception of the general hedging phase which is applied prospectively. The Company has adopted IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. Management expects no significant impact resulting from the adoption of this new standard.

Revenue from contracts with customers

In May 2014, the IASB issued the final revenue standard, IFRS 15, Revenue from Contracts with Customers, which will replace IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC 31, Revenue - Barter Transactions Involving Advertising Services.

The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition.

The Company has adopted IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. Management expects no significant impact resulting from the adoption of this new standard.

Share-based payment

In June 2016, the IASB issued amendments to IFRS 2 - Share-based Payment, clarifying how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature, and a modification to the terms and conditions that changes the classification of the transactions.

The Company has adopted amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. Management expects no significant impact resulting from the adoption of this new standard.

3. Significant Accounting Policies (continued)

New accounting standards not yet adopted
Leases

In January 2016, the IASB issued IFRS 16 – “Leases” ("IFRS 16"), which replaces IAS 17 – “Leases”, and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretion acquisitions: and
- to maximize shareholder return through enhancing value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity comprising capital stock, contributed surplus, warrants, equity portion of convertible debentures and deficit which at March 31, 2018 totaled deficit of $2,295,497 (December 31, 2017 - Deficit of $2,262,668).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 CAD and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

5. Financial instruments

Risk Management

The Company is exposed to credit risk, currency risk, liquidity risk, interest rate risk and other market price risk. The Company’s management oversees the management of these risks. The Company`s management is supported by the Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite

The Company is exposed to various risks related to its financial assets and liabilities which includes the following-cash, accounts receivable, accounts payable and accrued liabilities, short term loan and long-term debt. The following analysis provides a measure of the Company's risk exposure and concentrations at March 31, 2018. The financial instruments of the Company and the nature of the risks to which is may be subject to are as follows:

Fair value

The carrying value of these financial instruments approximate their fair value due to the short term maturities, except long-term debts. The impact of fair value changes on the fixed rates long-term debts is minimal and management monitors this on a regular basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

• Level 2 inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.

• Level 3 inputs are unobservable inputs for the asset or liability that reflect the reporting entity’s own assumptions and are not based on observable market data.

5. Financial instruments (continued)

Fair value (continued)
The classification of financial instruments at their carrying and fair values is as follows:

The Company does not have any financial instruments as at March 31, 2018 classified as "Level 1 quoted prices in active markets". The Company has determined that there have been no transfers between levels in the hierarchy by reassessing categorization at the reporting date.

Liquidity risk

Liquidity risk arises from the Company's management of working capital, finance charges and principal repayments on its debt instruments. It is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company has a comprehensive plan in place to meet its obligations as they come due. As at March 31, 2018, the Company had current assets of $287,540 (December 31, 2017 - $472,824) and current liabilities of $2,550,152 (December 31, 2017 - $2,711,234). Current working capital deficit of the Company as at March 31, 2018 is $2,262,612 (December 31, 2017 - deficit of $2,238,410). The Company' management is working to obtain financing to meet the business requirements for the coming year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risk relates to its accounts receivable. The accounts receivable are due from various Canadian government bodies, which management believes has minimal credit risk.

The Company's cash, funds held in trust and trade accounts receivable are exposed to credit risk. The Company manages credit risk in respect of cash by maintaining their cash balances at highly rated Big 5 Canadian banks. The carrying amount of the trade receivables represents the Company's maximum credit exposure. The Company reduces credit risk from its receivables by reviewing a new customer's credit history before extending credit and conducts regular reviews of all its customer's credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three type of risks: currency risk, interest rate risk and other price risk.

Currency risk

The Company is exposed to currency risk in United States. Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company does not utilize financial instruments to manage its currency risk.

Currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

5. Financial instruments (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest market rates. The Company is exposed to interest rate risk on its floating interest rate financial instruments that subject it to a cash flow risk. The Company does not enter into any transactions to mitigate this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

Sensitivity analysis

The Company is mainly exposed to foreign currency risk on fluctuations of financial instruments related to accounts payable and accrued liabilities of $43,970 (USD $35,050) and short-term loan of USD $268,000. As at March 31, 2018, foreign currency risk on US dollars is not significant.

6. Funds held in trust

These represent escrowed funds to be spent on certain marketing initiatives as outlined in the Escrow Agreement.

7. Accounts receivable

The Company is exposed to credit risk on the trade receivables from its customers. As at March 31, 2018 93% of the accounts receivable balance are less than 90 days past due.

8. Loan receivable from employees

The loan receivable from employees are unsecured, non-interest bearing, and have no set terms of repayment.

(Expressed in Canadian Dollars)

9. Property and equipment

Cost	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2016	$ 335,120	$ 81,592	$ 180,136	$ 596,848
Balance, December 31, 2017	335,120	81,592	180,136	596,848
Balance, March 31, 2018	335,120	81,592	180,136	596,848

Accumulated Depreciation	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2016	$ 288,364	$ 48,631	$ 78,869	$ 415,864
Depreciation for the year	28,053	6,592	18,014	52,659
Balance, December 31, 2017	316,417	55,223	96,883	468,523
Depreciation for the year	2,805	1,318	4,503	8,626
Balance, March 31, 2018	319,222	56,541	101,386	477,149

Carrying Value	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Balance, December 31, 2017	18,703	26,369	83,253	128,325
Balance, March 31, 2018	15,898	25,051	78,750	119,699

10. Bank indebtedness

A revolving demand facility has been authorized by the Royal Bank of Canada ("RBC") to a maximum of $600,000 (December 31, 2017 - $600,000) and bears interest at the bank's prime lending rate plus 3% per annum. The Company has provided a general security assignment over the assets of the company. At March 31, 2018, the Company had drawn $130,731 (December 31, 2017 - $235,731) from this facility, as well as $201,837 (December 31, 2017 - $100,461) of overdrafts. The facility agreement requires the Company to maintain certain financial covenants. As at March 31, 2018, the Company has breached the financial covenants and it is uncertain that the Company's banker will provide waiver or amendments.

11. Accounts Payable and Accrued Liabilities

	As at March 31, 2018	As at December 31, 2017
Accounts payable and accruals	**$ 1,740,806**	$ 1,886,821
Payroll taxes payable	**-**	11,445
	$ 1,740,806	$ 1,898,266

(Expressed in Canadian Dollars)

12. Long-term debt		**2018**		**2017**
$100,000 payable, interest at 8.80%, repayable in monthly instalments of $2,232 on account of principal, plus interest, due August 31, 2018, secured by a personal guarantee by the former Chief Executive Officer for the full amount of the loan.	$	8,888	$	8,888
$50,000 payable, interest at 8.80%, repayable in monthly instalments of $853 on account of principal, plus interest, due November 30, 2019, secured by a personal guarantee by the former Chief Executive Officer for the full amount of the loan.		15,827		15,827
$75,000 payable, interest at 6.30%, repayable in monthly instalments of $1,250 on account of principal, plus interest, due January 31, 2022, secured by a personal guarantee by the former Chief Executive Officer for the full amount of the loan.		56,250		56,250
$75,000 payable, interest at 6.30%, repayable in monthly instalments of $1,250 on account of principal,plus interest, due August 31, 2022, secured by a personal guarantee by the former Chief Executive Officer for the full amount of the loan.		65,000		65,000
$50,000 payable, interest at 6.30%, repayable in monthly instalments of $830 on account of principal, plus interest, due March 31, 2023, secured by a personal guarantee by the former Chief Executive Officer for the full amount of the loan.		48,970		48,970
	$	194,935	$	194,935
Less: current portion	$	42,352	$	42,352
	$	152,583	$	152,583

Minimum principal repayments over the next five years are as follows:

2018	$	42,352
2019	$	48,963
2020	$	39,960
2021	$	39,960
2022	$	21,210
Thereafter	$	2,490
	$	194,935

13. Short-term loan

During the year ended December 31, 2016, a shareholder controlled by the former Chief Executive Officer advanced $336,206 (USD$268,000) and $50,000 to the Company. These amounts are unsecured, bear interest at 10% per annum and are due on demand. Included at March 31, 2018 is accrued interest of $48,218. No interest was accrued for the three months ended March 31, 2018.

(Expressed in Canadian Dollars)

14. Capital stock

a) Authorized share capital

Unlimited	Common shares, no par value
Unlimited	Class B Preference shares,·voting, non cumulative, redeemable and retractable at nominal value

b) Issued

Common shares	Number		Amount
Balance, December 31, 2016 and March 31, 2017	17,754,301	$	6,489,127
Balance, December 31, 2017 and March 31, 2018	17,754,301	$	6,489,127

15. Finders' options

	Number of stock options		Weighted average exercise price
Balance, December 31, 2016 and March 31,2017	213,257	$	1.00
Balance, December 31, 2017 and March 31, 2018	-	$	-

16. Warrants

	Number of warrants		Amount
Balance, December 31, 2016 and March 31, 2017	1,823,264	$	498,358
Balance, December 31, 2017 and March 31, 2018	1,823,264	$	498,358

The following table reflects the actual warrants issued and outstanding as of March 31, 2018:

Expiry date	Exercise Price ($)	Number of warrants outstanding	Grant date fair value
December 31, 2018	1.50	1,823,264	498,358

(Expressed in Canadian Dollars)

17. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2016	-	$ -
Issued (i)	1,550,000	0.75
Balance, March 31, 2017	1,550,000	$ 0.75
Balance, December 31, 2017 and March 31, 2018	1,000,000	$ 0.75

(i) On January 4, 2017, the Company issued 1,550,000 stock options to management, directors and consultants of the Company. The options are exercisable into common shares at a price of $0.75 per share until December 29, 2019 and vested immediately.

The fair value of the 1,550,000 options was estimated at $578,770 using the Black-Scholes option pricing formula with the following assumptions: exercise price - $0.75, expected dividend yield - 0%, expected volatility - 125%, risk-free interest rate - 0.84% and an expected average life of 3 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2018:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 29, 2019	0.75	1.75	1,000,000	1,000,000

18. Weighted average number of shares outstanding

For the three months ended March 31, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $(32,829) (three months ended March 31, 2017 - $(1,203,232) and the weighted average number of common shares outstanding of 17,754,301 (three months ended March 31, 2017 - 17,754,301), Diluted loss per share did not include the effect of stock options, finders' options and warrants as they are anti-dilutive.

19. Related party transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

(Expressed in Canadian Dollars)

19. Related party transactions (continued)

(a) The Company entered into the following transactions with related parties:

During the three months ended March 31, 2018, the company incurred $Nil (three months ended March 31, 2017 - $7,500) for professional fees to a company where the former Chief Financial Officer is a senior employee. As at March 31, 2018, $23,011 (December 31, 2017 - $23,011) was payable.

During the three months ended March 31, 2018, the company incurred $nil (three months ended March 31, 2017 - $24,000) for consulting from a former officer of the Company. As at March 31, 2018, $176,050 (December 31, 2017 - $176,050) was payable.

See note 13.

(b) Remuneration of directors and key management personnel (including the Chief Executive Officer, Chief Financial Officer and directors), other than consulting fees, of the Company was as follows:

		Three Months Ended March 31, 2018		Three Months Ended March 31, 2017
Salaries	**$**	**8,000**	$	45,000
Share-based payments		**-**		466,750
	$	**8,000**	$	511,750

As at March 31, 2018, $8,000 (December 31, 2017 - $nil) was payable.

20. Segmented information

The Company has determined it has one reportable segment based on how management views and operates the business.

Geographic information

Three months ended March 31, 2018

		Canada		Africa/Asia		Total
Fee revenue	$	411,567	$	-	**$**	**411,567**
Cost of Sales		261,683		-		**261,683**
Gross margin		149,884		-		**149,884**
Operating expenses		182,713		-		**182,713**
Loss before undernoted items		(32,829)		-		**(32,829)**
Loss before income taxes		(32,829)		-		**(32,829)**
Net loss	$	(32,829)	$	-	**$**	**(32,829)**

(Expressed in Canadian Dollars)

20. Segmented information (continued)

Three months ended March 31, 2017

	Canada	Africa/Asia	Total
Fee revenue	$ 493,322	$ -	**$ 493,322**
Cost of Sales	422,123	4,080	**426,203**
Gross margin	71,199	(4,080)	**67,119**
Operating expenses	654,006	41,021	**695,027**
Income (loss) before undernoted items	(582,807)	(45,101)	**(627,908)**
Other expenses	576,174	(850)	**575,324**
Loss before income taxes	(1,158,981)	(44,251)	**(1,203,232)**
Net loss	$ (1,158,981)	$ (44,251)	**$ (1,203,232)**

All of the Company's assets are held in Canada.

Major customers

During the three months ended March 31, 2018, three customers accounted for 37%, 36% and 25% respectively of the Company's revenues (three months ended March 31, 2017 four customers accounted for 35.5%, 21.3%, 19.9% and 10.1% respectively).

(Expressed in Canadian Dollars)

21. Commitments and contingencies

(i) In the fiscal year ended December 31, 2013, the company entered into a lease agreement committing to a new office space in Toronto for 10 years. The company has the following future minimum lease payments for the premises over the next five years:

2018	$	84,000
2019	$	84,000
2020	$	84,000
2021	$	84,000
2022	$	84,000
	$	420,000

(ii) During the year ended December 31, 2016, as a result of breaches of contract and continued delays in payment of amounts due, including a breach of trust, the Company sent a demand letter to PSTG Consulting Inc. (an entity wholly controlled by MNP LLP) requesting payment of all amounts due, including various costs incurred by the Company. The Company received a response from the contractor disagreeing with its position and demanding payment for losses purportedly incurred under the previous contract and alleging breaches of contract on the Company's part. The Company believes it has suffered material damages and intends to pursue legal redress.

The parties have commenced a binding arbitration process pursuant to the original contract. As of the date of these financial statements, no claim or resolution of the difference has occurred.

As a result of the uncertainty regarding the final collection of amounts owing, the Company has recorded a bad debt expense of $3,236,188 in the year ended December 31, 2016.

(iii) During the year ended December 31, 2016, the Company filed a claim against a former subcontractor for breach of contract requesting damages of approximately USD $372,000 related to funds advanced to the subcontractor. As of the date of these financial statements, no amounts have been setup as receivable due to the uncertainty of collection.

(iv) The Company has submitted a claim against the Ministry of Transportation and Communication of the Government of Botswana seeking payment of USD $5.2 million in respect of services rendered in 2015 and 2016. The Company is currently awaiting response from the Government of Botswana. As the outcome of this matter is uncertain, no claim amount has been recorded in these financial statements.

22. Operating expenses

General and administrative

		Three Months Ended March 31, 2018		Three Months Ended March 31, 2017
General office	**$**	**28,684**	$	47,677
Professional fees		**52,493**		84,222
Telephone and communication		**15,948**		16,992
Insurance		**15,260**		17,925
Amortization of property, plant and equipment		**8,627**		13,165
Equipment and vehicle leasing		**-**		10
Bank charges		**2,958**		9,139
Interest on long-term debt		**10,049**		18,621
	$	**134,019**	$	207,751

(Expressed in Canadian Dollars)

22. Operating expenses (continued)

Remuneration

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Salaries and wages	**$ 8,271**	$ 427,159
Employee benefits	**1,160**	2,822
Recruitment	**14,042**	910
	$ 23,473	$ 430,891

Selling

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Travel and accommodation	**$ 282**	$ 2,883
Marketing	**-**	27,401
	$ 282	$ 30,284

Occupancy

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Repairs and maintenance	**$ 2,100**	$ 2,170
Rent and occupancy	**22,839**	23,931
	$ 24,939	$ 26,101