NOBLE IRON INC.

CONSOLIDATED FINANCIAL STATEMENTS
Expressed in Canadian Dollars

YEARS ENDED DECEMBER 31, 2019 AND 2018

NOBLE IRON INC.

YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Noble Iron Inc.

Opinion

We have audited the consolidated financial statements of Noble Iron Inc., (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of comprehensive loss, changes in 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, 2019 and 2018, 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 audit 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 audit 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 the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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 audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is 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 Company'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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Grand Lui.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
May 28, 2020
Toronto, Ontario

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 AND 2018
IN CANADIAN DOLLARS

	Notes	**2019**	**2018**
Assets		**$**	**$**
Current assets			
Cash		4,868,869	7,756,049
Trade receivables	16 c	559,254	1,113,482
Prepayment and other assets		283,192	597,045
Total current assets		**5,711,315**	**9,466,576**
Non-current assets			
Intangible assets	7	57,674	176,800
Property and equipment	5	91,063	65,532
Right of use assets	6	413,929	-
Other long-term assets	9	150,387	315,920
Total non-current assets		**713,053**	**558,252**
Total assets		**6,424,368**	**10,024,828**
Liabilities and Equity			
Current liabilities			
Trade and other payables		772,423	787,573
Contract liabilities		231,378	174,008
Lease liabilities	6	92,380	-
Total current liabilities		**1,096,181**	**961,581**
Non-current liabilities			
Lease liabilities	6	345,261	-
Total non-current liabilities		**345,261**	**-**
Total liabilities		**1,441,442**	**961,581**
Equity			
Share capital	10	36,471,467	36,471,467
Other reserves	10	4,302,423	4,280,434
Accumulated other comprehensive income		2,377,894	2,719,826
Accumulated deficit		(38,168,858)	(34,408,480)
Total equity		**4,982,926**	**9,063,247**
Total equity and liabilities		**6,424,368**	**10,024,828**
Contingencies	20		
Subsequent event	21		

See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

__________________________Director   ________________________Director

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
IN CANADIAN DOLLARS

		2019 $	2018 $
Revenue	18	5,748,894	6,105,991
Cost of revenue		667,471	763,989
Gross profit		**5,081,423**	**5,342,002**
Operating expenses			
General and administrative		3,198,016	3,497,760
Research and development		2,680,292	1,666,632
Sales and marketing		1,807,995	693,943
Support, maintenance and delivery		1,171,913	2,076,635
(Loss) from operations		**(3,776,793)**	**(2,592,968)**
Finance cost / (income)			
Interest (income) / expense		(6,380)	(2,855)
Foreign exchange loss / (gain)		11,573	663,165
Loss from before taxation		**(3,781,986)**	**(3,253,278)**
Income tax (recovery)	9	(21,608)	(154,689)
Net loss		**(3,760,378)**	**(3,098,589)**
Other comprehensive income / (loss)			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment		(341,932)	1,366,797
Total comprehensive loss		**(4,102,310)**	**(1,731,792)**
Loss per share			
Basic and diluted	11	(0.14)	(0.11)

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
IN CANADIAN DOLLARS

	Share Capital No.	Share Capital $	Other reserves $	Accumulated other comprehensive income $	Accumulated deficit $	Total equity $
Balance, January 1, 2018	27,417,479	36,471,467	4,211,395	1,353,029	(31,309,891)	10,726,000
Loss for the year	-	-	-	-	(3,098,589)	(3,098,589)
Other comprehensive income	-	-	-	1,366,797	-	1,366,797
Total comprehensive gain (loss)	-	-	-	1,366,797	(3,098,589)	(1,731,792)
Share-based payments (note 10c)	-	-	69,039	-	-	69,039
Cancellation of shares (note 10b)	(150,000)	-	-	-	-	-
Balance, December 31, 2018	27,267,479	36,471,467	4,280,434	2,719,826	(34,408,480)	9,063,247
Loss for the year	-	-	-	-	(3,760,378)	(3,760,378)
Other comprehensive loss	-	-	-	(341,932)	-	(341,932)
Total comprehensive loss	-	-	-	(341,932)	(3,760,378)	(4,102,310)
Share-based payments (note 10c)	-	-	21,989	-	-	21,989
Balance, December 31, 2019	**27,267,479**	**36,471,467**	**4,302,423**	**2,377,894**	**(38,168,858)**	**4,982,926**

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
IN CANADIAN DOLLARS

	Notes	2019 $	2018 $
Cash flows from operating activities			
Net (loss) / income		(3,760,378)	(3,098,589)
Adjustments for:			
Amortization and depreciation		255,590	170,412
Share-based payments		21,989	69,039
Deferred income taxes		2,070	502,000
Income tax credit		(21,608)	(315,920)
Unrealized foreign exchange loss / (gain)		125,340	(419,710)
Disposal of assets		1,047	58,352
Change in working capital	13	910,301	(2,119,277)
		(2,465,649)	**(5,153,693)**
Interest paid	6	(27,064)	-
Net cash used in operating activities		**(2,492,713)**	**(5,153,693)**
Investing activities			
Interest received		37,029	-
Purchase of property and equipment	5	(71,887)	(67,528)
Purchase of intangibles		-	(35,881)
Net cash used in investing activities		**(34,858)**	**(103,409)**
Financing activities			
Payment of lease liabilities		(69,166)	-
Net cash used in financing activities		**(69,166)**	**-**
Effects of exchange rate differences on cash		(290,443)	1,786,507
Net (decrease) increase in cash		(2,596,737)	(5,257,102)
Cash, beginning of year		7,756,049	11,226,644
Cash, end of year		**4,868,869**	**7,756,049**

See Accompanying Notes to the Consolidated Financial Statements

1. Corporate information

Noble Iron Inc. (the "Company") was incorporated under the Company Act (British Columbia) and was continued under the Business Corporations Act (Ontario) on November 5, 2008. The address of the Company's registered office is 90 Woodlawn Road West, Guelph, Ontario, N1H 1B2. The consolidated financial statements of the Company, as at and for the years ended, December 31, 2019 and 2018, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Noble Iron Inc. is listed on the TSX-Venture Exchange under the symbol NIR. The Company operates in enterprise asset management software for the construction and industrial equipment industry.

Noble Iron Inc. operates under the name "Texada Software". Texada Software develops software applications to manage the complete equipment ownership lifecycle: from equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking through to used equipment sales, disposal, and inventory replenishment. Texada Software offers in the cloud or client-based software and is scalable to meet the needs of any equipment rental company, dealership, construction company, contractor, and any customer who owns or uses construction or industrial equipment.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as at the reporting date. The consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2020.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

(c) Presentation and functional currency

Amounts included in the financial statements of each entity that is a foreign operation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgements

Use of estimates:

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management periodically reviews its estimates and underlying assumptions relating to the following items:

i. Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

ii. Amortization

Management estimates the expected useful life of intangible assets for use in calculating amortization expense. The estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

iii. Provision for doubtful accounts

The Company makes an assessment of whether trade receivables are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

iv. Stand-alone selling prices

The recognition of revenue requires judgement in the assessment of performance obligations, whether they are distinct and separate, within a contract and the assessment of recognizing at a point in time or over a period of time. Material promises within a contract to deliver distinct services are accounted for as separate performance obligations. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgement and estimates. The Company uses a single amount to estimate SSP for bundled items such as subscription fee SaaS licenses, implementation and training in subscription arrangements that are not sold separately. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for implementation and training in subscription fee contracts is supported by third party evidence and internal analysis of similar contracts. SSP for subscription licenses for same or similar services is established based on using the residual approach. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to the customer.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgements (Cont'd)

Use of judgements:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies and the interpretation of accounting standards.

Management periodically reviews its judgements and underlying assumptions relating to the following items:

i. Intercompany transactions

Management exercises judgement to determine which amounts receivable from a foreign operation are not expected to be settled and accordingly forms part of the Company's net investment in the foreign operation. Factors considered include the nature of the source of the amounts advanced and the ability of the foreign operation to repay the advance.

ii. Recognition of deferred tax asset

Management exercises judgement in determining whether to recognize deferred tax assets and the amount of the recognition at each period end. Factors considered in this determination includes the probability of generating sufficient taxable income, the estimation of the tax rates that will be enacted when these assets will be utilized and different tax positions that can be taken to affect taxes payable in the future.

iii. Multiple elements of revenue

Management's judgement is applied to the evaluation of multiple elements arrangements in the Company's contract with customers to assess whether deliverables can be recognized separately for revenue recognition purposes. Determining whether such bundled products and services are considered a) distinct performance obligations that should be separately recognized, or b) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgement. In general, the Company's implementation and training services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

iv. Leases

The Company has applied judgement to determine the lease term for its lease contracts in which it is a lessee that include renewal options. The assessment whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Systematic Computer Services Corporation, Texada Software Pty Ltd., Noble Iron (U.S.), Inc. and Noble Rents (CA) Inc.

3. Summary of significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

The financial statements of the Company and its subsidiaries are prepared up to the same reporting period and are combined on a line-by-line basis. All intercompany balances, transaction and related unrealized profits and losses are eliminated on consolidation as it relates to balances within the Group.

The acquisition method of accounting is used to account for the acquisition of a subsidiary by the Company. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of acquisition is measured at fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date.

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any excess of the fair values of the identifiable net assets acquired over the cost of acquisition is credited to the consolidated statement of comprehensive income in the period of acquisition.

(b) Foreign currency

i. Foreign currency transactions

Foreign currency transactions of the Group entities are translated into their respective functional currencies at the rates of exchange approximating to those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into their respective functional currencies at the rates of exchange at the end of each reporting period. Exchange gains and losses are included in the consolidated statement of comprehensive income within operating expenses.

ii. Foreign currency translation

The assets and liabilities of foreign operations are translated to Canadian dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated to Canadian dollars at the date of transaction.

Foreign currency differences are recognized in other comprehensive income (loss) and in the accumulated other comprehensive income in equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than the Canadian dollar, any accumulated exchange differences will be reclassified to the statement of comprehensive income (loss) within net loss.

(c) Financial assets and financial liabilities

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit and loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

IN CANADIAN DOLLARS

3. Summary of significant accounting policies (Cont'd)

(c) Financial assets and financial liabilities (Cont'd)

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories: a) amortized cost b) fair value through profit or loss FVTPL, and c) fair value through other comprehensive income (FVTOCI). Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

The following table summarizes information regarding the classification and carrying value of the Company's financial instruments:

	December 31, 2019	December 31, 2018	Classification
	$	$	IFRS 9
Cash	4,868,869	7,756,049	Amortized cost
Trade receivables	559,254	1,113,482	Amortized cost
Trade and other payables	772,423	787,573	Amortized cost

Impairment of financial instruments

For trade receivables, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

.Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of comprehensive loss.

3. **Summary of significant accounting policies** (Cont'd)

(c) Financial assets and financial liabilities (Cont'd)

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

(d) Property and equipment

Property and equipment are initially recognized at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on items of property, plant and equipment so as to reduce their carrying value over their expected useful economic lives.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from the sale with the carrying amount of property and equipment and are recognized in profit and loss. Depreciation is recognized by using the straight-line method to depreciate the cost of the asset to its residual value over its estimated useful life. Depreciation ceases when the asset is derecognized or is classified as held for sale.

The estimated useful lives are as follows:

Tangible assets	**Useful economic life**
Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Shorter of lease term or useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(e) Leases

The Company has changed its accounting policy for leases where the Company is the lessee. The new policy is described in note 4 and the impact of the change in note 6. Until December 31, 2018, lease where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company are classified as finance leases and the asset is treated as if it had been purchased outright. The amount initially recognized is the lower of its fair value and the present value of the minimum lease payments. Furthermore, the leased asset is subject to depreciation with the useful life being lesser of the lease term or the expected useful life of the asset. The corresponding lease commitment is shown as a lease liability.

Lease where substantially all of the risks and rewards incidental to the ownership are not transferred to the Company are classified as operating leases and the leased assets are not recognized in the Company's statement of financial position with payments recognized in profit and loss on a straight-line basis over the term of the lease.

3. **Summary of significant accounting policies** (Cont'd)

(f) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is recognized using the straight-line method to amortize the cost of the asset less its residual value over the estimated useful life of the asset.

The estimated useful lives are as follows:

Intangible assets	**Useful economic life**
Trademarks	5 years
Customer lists	5 years
Software license	Over the life of contract
Software development	3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

(h) Impairment of property and equipment and finite life intangible assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the consolidated statement of comprehensive income in operating expenses. During the years ended December 31, 2019 and 2018, no impairment was recorded.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

(i) Share-based payments

The Company uses the fair value method of accounting for share options. The fair value of share options is estimated using the Black-Scholes option-pricing model. The measurement of share options at fair value is based on the Black-Scholes option pricing model using the following variables:

• The share price.
• The strike price.
• The volatility of the share has been determined based on historical prices of the Company's shares.
• The duration, which has been estimated as the difference between the valuation date of the stock plans and final exercise date.
• The risk-free interest rate.

3. Summary of significant accounting policies (Cont'd)

(i) Share-based payments (Cont'd)

The Company recognizes compensation expense for employee share options over the requisite service period of the award. Any excess tax benefits or expense related to employee share-based payments, if any, are recognized as income tax benefit or expense in the consolidated statements of comprehensive loss when the awards vest or are settled.

When a share option is exercised, share capital is recorded at the sum of the proceeds received plus the amount previously recorded in contributed surplus relating to the options exercised.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(k) Revenue

The Company operates an enterprise asset management software for the construction and industrial equipment industry and provides related services. The Company's revenues from its software business are derived from subscription fees, license fees, maintenance, implementation and training services.

i. Subscription fees

Subscription fees from its software-as-a-service ("SaaS") application are comprised of fees that provide customers with access to software over the contract term without taking possession of the software. Revenue from subscription fees, which includes hosted software, data storage and related support is recognized rateably over the term of the contract.

Subscription fee contracts are bundled with implementation and training services. The subscription, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled implementation and training is recognized over the term of the implementation and training services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Subscription fees allow customers to use the Company's software without taking possession of the software. Revenue is recognized over the contract term.

ii. License fees

License fees relate to software licenses for on-premises software, which provide the customer with a right to use the software as it exists when the right to use the software has commenced. Revenues from distinct licenses are recognized when the software is made available to the customer.

On-premise software license contracts are bundled with maintenance, implementation and training services. The license, maintenance, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled maintenance, implementation and training is recognized over the term of the maintenance, implementation and training services.

3. **Summary of significant accounting policies** (Cont'd)

(k) Revenue (Cont'd)

ii. License fees (Cont'd)

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Amounts that have been invoiced are recorded in accounts receivable and in unearned revenue or revenue, depending on whether transfer of control to customers has occurred.

iii. Rendering of services

Implementation and training services related to its SaaS and on-premise software include start-up, commissioning, and installation. Where these performance obligations are separately purchase and therefore considered distinct, revenue is recognized overtime by reference to the stage of completion based upon relative SSP.

Maintenance services provided to customers with on premise software licenses is recognized over the term of the maintenance services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice.

iv. Contract liabilities

Generally, the Company only receives advances from Customers upon contract execution for which revenue is expected to occur within 12 months. They are presented as part of deferred revenue within contract liabilities and reduced when revenue is recognized. For contracts that require customers to pay long-term advances, the payment terms are structured primarily for reasons other than the provision of finance to the Company; notably, to meet working capital demands, to ensure the customers follow through with their purchase orders, to ensure an incentive to not terminate the contract for any reasons, including economic, or to mitigate a history of late payments. Other long-term customers advances are analyzed to determine whether there is a significant financing component in its contracts and are accounted for separately.

(l) Research and development

The Company expenses all research costs as incurred. The Company reviews development costs related to specific projects to determine if they meet certain criteria to be recorded as an intangible asset. If these criteria are not met, the Company expenses the development costs as incurred.

(m) License costs capitalized

Licenses acquired that are used as part of the software segment's operations are capitalized as intangible assets and amortized over the life of the contract.

(n) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. **Summary of significant accounting policies** (Cont'd)

(n) Income taxes (Cont'd)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(o) Earnings (loss) per share

The Company presents basic and diluted Earnings (Loss) Per Share ("EPS") data for its common shares. Basic EPS is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants or stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(p) Geographic segment reporting

The geographic operating segment analyzes the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the assets (refer note 18). All geographic operating segments' operating results are reviewed regularly by the Company's senior management, including the Chief Executive Officer, to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

(q) New standards and interpretations adopted

i. IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 was issued in June 2017 as a clarification to requirements under IAS 12, Income Taxes. IFRIC 23 clarifies the application of various recognition and measurement requirements when there is uncertainty over income tax treatments. This interpretation is effective for annual reporting periods on and after January 1, 2019. The Company has adopted IFRIC 23 and determined the application did not have a material impact on the Company's consolidated financial statements as its policies were in line with the guidance.

4. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

a. Definition of a lease

The Company now assesses whether a contract is or contains a lease based on the new definition of a lease under IFRS 16. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

b. As a lessee

The Company leases two office spaces. The rental contract was made for fixed period of 10 years and 3 years respectively but have an extension option as described in (ii) below. Lease terms were negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants, but the leased asset may not be used as security for borrowing purposes.

Until the 2018 financial year, lease of property was classified as an operating lease. Payments made under operating lease was charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.75%. The Company had another lease commence during the year ended December 31, 2019. The incremental borrowing rate applied to the lease liability was 8.3%

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the remaining fixed lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

The Company recognized the right-of-use assets on the consolidated statements of financial position. The carrying amount of the right-of-use assets is disclosed in note 6.

4. Changes in accounting policies (cont'd)

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

i. Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and adjusted for any remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under the residual value guarantee, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

ii. Transition

Previously, the Company classified property lease as an operating lease under IAS 17. The two leases run for a period of 10 years and 3 years. The lease includes an option to renew the lease for an additional five years and 3 years respectively, after the end of the non-cancellable period.

At transition, for lease classified as operating lease under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets was measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating lease under IAS 17:

- allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.
- applied the exemption not to recognize right-of-use assets or liabilities for leases with less than 12 months of lease term
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application
- used hindsight when determining the lease term where the lease contains options to extend or terminate the lease.

d. Impacts on consolidated financial statements

On transition to IFRS 16, when measuring the lease liabilities that were classified as operating leases, the Company discounted the lease payments using its incremental borrowing rate at January 1, 2019. The rate applied is 5.75%. The Company signed another lease on February 1, 2019 and the incremental borrowing rate applied to discount the lease payments is 8.30%.

IN CANADIAN DOLLARS

4. Changes in accounting policies (cont'd)

As a result of applying IFRS 16, in relation to lease that was previously classified as an operating lease, the Company recognized a right-of-use assets and lease liabilities on January 1, 2019 on its consolidated statements of financial position as shown in note 6.

The Company has recognized depreciation and interest costs, instead of operating lease expense. During the year ended December 31, 2019, the Company recognized depreciation charge and interest costs from the lease in the consolidated statements of comprehensive loss (note 6).

5. Property and equipment

During the year ended December 31, 2019 and 2018 there were no impairment losses recorded. The carrying value of the impairment reserve at December 31, 2019 and 2018 is $nil.

	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
Cost				
At January 1, 2019	762,261	252,637	117,445	1,132,343
Additions	20,530	51,357	-	71,887
Effect of foreign exchange	(360)	(823)	-	(1,183)
Disposals	-	-	-	-
At December 31, 2019	782,431	303,171	117,445	1,203,047
Accumulated depreciation				
At January 1, 2019	742,958	206,408	117,445	1,066,811
Depreciation for the year	6,516	38,657	-	45,173
Disposals	-	-	-	-
At December 31, 2019	749,474	245,065	117,445	1,111,984
Net Book Value				
December 31, 2019	32,957	58,106	-	91,063

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5. Property and equipment (cont'd)

For the year ended December 31, 2019, depreciation of property and equipment included in the consolidated statements of comprehensive loss is as follows: i) Cost of revenue: $30,718 ii) Support, maintenance and delivery: Nil iii) Sales and marketing $498 iv)General and administrative: $13,957.

	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
Cost				
At January 1, 2018	751,476	262,806	117,445	1,131,727
Additions	10,785	56,743	-	67,528
Disposals	-	(66,912)	-	(66,912)
At December 31, 2018	762,261	252,637	117,445	1,132,343
Accumulated depreciation				
At January 1, 2018	737,416	251,313	117,445	1,106,174
Depreciation for the year	5,542	20,148	-	25,690
Disposals	-	(65,053)	-	(65,053)
At December 31, 2018	742,958	206,408	117,445	1,066,811
Net Book Value				
December 31, 2018	19,303	46,229	-	65,532

For the year ended December 31, 2018, depreciation of property and equipment included in the consolidated statements of comprehensive loss is as follows: i) Cost of revenue: $14,707 ii) Support, maintenance and delivery: $ 5,722 iii) General and administrative: $5,261.

6. Leases

(i) Amounts recognized on the balance sheet:

	2019	January 1, 2019
	$	$
Right-of-use assets		
Buildings	413,929	361,293
Lease liabilities		
Operating lease commitments disclosed as at December 31, 2018	-	447.611
Discounted using incremental borrowing rate	-	361,293
Current	92,380	38,617
Non-Current	345,261	322,676
Lease liabilities	437,641	361,293

Additions to the right-of-use assets during the year ended December 31, 2019 were $143,927.

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6. Leases (Cont'd)

For the year ended December 31, 2019, depreciation included in the consolidated statements of comprehensive loss on the right-of-use assets recorded in General and administrative expenses is $91,291. The interest expense recorded in finance cost was $29,134.

7. Intangible assets

	Trademarks	Software license	Software development	Total
	$	$	$	$
Cost				
At January 1, 2019	54,531	1,033,640	302,882	1,391,053
Additions	-	-	-	-
Disposals	-	-	-	-
At December 31, 2019	54,531	1,033,640	302,882	1,391,053
Accumulated amortization				
At January 1, 2019	54,531	901,833	257,889	1,214,253
Amortization for the year	-	103,700	15,426	119,126
Disposals	-	-	-	-
At December 31, 2019	54,531	1,005,533	273,315	1,333,379
Net Book Value				
December 31, 2019	-	28,107	29,567	57,674

For the year ended December 31, 2019, amortization included in the consolidated statements of comprehensive loss as follows: i) Cost of revenue: $96,524 ii) Support, maintenance and delivery: $nil iii) Sales and marketing: $nil iv) General and administrative: $22,602

	Trademarks	Software license	Software development	Total
	$	$	$	$
Cost				
At January 1, 2018	54,531	1,197,145	302,882	1,554,558
Additions	-	35,881	-	35,881
Disposals	-	(199,386)	-	(199,386)
At December 31, 2018	54,531	1,033,640	302,882	1,391,053
Accumulated amortization				
At January 1, 2018	54,531	915,430	242,463	1,212,424
Amortization for the year	-	129,296	15,426	144,722
Disposals	-	(142,893)	-	(142,893)
At December 31, 2018	54,531	901,833	257,889	1,214,253
Net Book Value				
December 31, 2018	-	131,807	44,993	176,800

For the year ended December 31, 2018, amortization included in the consolidated statements of comprehensive loss as follows: i) Cost of revenue: $128,698 ii) Support, maintenance and delivery: $nil iii) Sales and marketing: $nil iv) General and administrative: $16,024.

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8. License and maintenance contracts:

The software maintenance fee component of the license contract is being expensed straight-line over the term of the arrangement to September 2019. The Company expects to renew the contract for a term of 8 years based on the historical experience and estimates this to be the useful life of the contract. At December 31, 2019, the Company was still in negotiation with the software development tool provider on the renewal terms.

9. Income taxes:

(a) Income tax expense

The income tax recovery differs from the amount that would be computed by applying the applicable federal and provincial statutory rates to the loss before income taxes. The reasons for the differences are as follows:

	2019	**2018**
	$	$
Loss before income taxes	(3,781,986)	(3,253,278)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(1,002,226)	(862,119)
Effect of income tax of:		
Difference between Canadian rate and rate applicable to subsidiaries in other countries	(9,669)	(12,235)
Unrecognized tax benefits of losses and temporary differences	15,282	13,071
Non-deductible expense and other permanent differences	(21,608)	(628,519)
Unrecognized tax benefits of losses and temporary differences	996,613	1,335,113
Income tax (recovery) / expense	(21,608)	(154,689)

(b) Deferred tax assets and liabilities

i. Unrecognized deferred tax assets

	2019	**2018**
	$	$
Net operating loss carry forward	6,310,540	6,561,503
Other temporary differences	426,081	374,711
Total unrecognized deferred tax assets	6.736,621	6,936,214

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9. **Income taxes:** (cont'd)

ii. Rollforward of recognized deductible (taxable) temporary differences:

	Balance December 31, 2017	Movements in temporary differences	Balance December 31, 2018	Movements in temporary differences	Balance December 31, 2019
	$	$	$	$	$
Property and equipment	474,000	(911,000)	(437,000)	437,000	-
Intangible asset	532,000	(532,000)	-	-	-
Non-deductible reserves	324,000	(171,000)	153,000	24,000	177,000
Net operating loss carry forward	203,000	81,000	284,000	(461,000)	(177,000)
	1,533,000	(1,533,000)	-	-	-

There are no aggregate taxable temporary differences associated with the Company's investments in its subsidiaries for which deferred tax liabilities have not been recognized.

(c) Net operating losses

At December 31, 2019, the Company has the following net operating loss amounts available to reduce future years' income for tax purposes for its Canadian, US and Australian operations.

Year	**Recognized**	**Unrecognized**	**Total**
	$	$	$
2021	-	2,685,000	2,685,000
2022	-	711,000	711,000
2023	-	47,000	47,000
2024	-	-	-
2025	-	293,000	293,000
2026-2039	(177,000)	21,178,000	21,001,000
Indefinite	-	54,000	54,000
	(177,000)	24,968,000	24,791,000

On December 22, 2017, the United States signed into law H.R.1 Bill, originally known as the "Tax Cuts and Jobs Act". Under the Tax Cuts and Jobs Act (TCJA), the Alternative Minimum Tax (AMT) tax regime was repealed. Existing AMT credit carryforwards are fully refundable by 2021. For 2019, 2020 and 2021, the AMT credit carryforward can be used to reduce the regular tax obligation. Therefore, an existing AMT credit carryforward would be fully utilized if the regular tax obligation exceeds the AMT credit carryforward. Any existing AMT credit that does not reduce regular taxes is eligible for a 50% refund in 2018-2020 and a 100% refund in 2021. During the year ended December 31, 2019, the Company received the 50% of the unused AMT credit in amount of $315,920.

9. Income taxes: (cont'd)

As at December 31, 2019 the Company has AMT of $ 300,775 (2018: $631,840) which are available to reduce future regular income taxes of which 50% ($150,387, 2018: $315,920) is refundable in 2020 and the other 50% is expected to be received in 2021. Therefore, the Company recharacterized and recorded the long-term portion of the AMT receivable as other long-term assets on the consolidated statements of financial position. The short-term portion is recorded as other assets under current assets. In March 2020, the CARES Act was signed into law which results in the entire AMT balance including both short- and long-term portions to be received in 2020 once the 2019 federal return is filed.

10. Share capital

(a) Authorized shares

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value. As of December 31, 2019, there are 27,267,479 (2018 – 27,267,479 fully paid for common shares issued and outstanding.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan, which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the number of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan. As at December 31, 2019 and December 31, 2018 the Company had no restricted shares issued. There are no preferred shares outstanding as of December 31, 2019 and December 31, 2018.

(b) Issued

Issued and outstanding common shares as at December 31, 2019 were 27,267,479 (2018: 27,267,479). There were no new issue of common shares and exercise of options during the years ended December 31, 2019 and 2018. On August 22, 2018, the Company cancelled 150,000 common shares valued at $1. The balance of issued common shares following this cancellation was 27,267,479.

(c) Share-based payments

Pursuant to its stock option plan established May 15, 2002, amended June 10, 2014, the Company has reserved for issuance 3,283,095 of its common shares. Options to purchase common shares of the Company under the plan may be granted by the Board of Directors to employees, officers, directors of the Company and consultants engaged by the Company. All options have a maximum term of ten years from their grant date. All options granted through 2013 had a vesting schedule with one third vested on the issue date, one third on the first anniversary and the remaining one third on the second anniversary date of the grant.

During the year ended December 31, 2019, there were no new options were issued (2018: 25,000) to purchase common shares with an exercise price of $1.00 per share.

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10. Share Capital: (Cont'd)

(c) Share-based payments (Cont'd)

A summary of stock options outstanding and exercisable as of December 31, 2019 and 2018 are as follows:

	2019		**2018**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	**$**	**No.**	**$**
Options outstanding, Jan 1,	1,983,000	1.10	2,385,100	1.09
Granted	-	-	25,000	1.00
Exercised	-	-	-	-
Forfeited	(21,500)	0.73	(427,100)	1.03
Options outstanding, Dec 31,	1,961,500	1.10	1,983,000	1.10
Options exercisable, Dec 31,	1,947,194	1.10	1,781,333	1.09

A summary of stock options outstanding and exercisable as of December 31, 2019 and 2018 are as follows:

December 31, 2019

	Options outstanding			**Options exercisable**	
Exercise price or range	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$	**No.**	**years**	**$**	**No.**	**$**
0.50 – 1.00	880,500	4.89	0.11	866,194	0.86
1.01 – 2.00	1,081,000	5.14	1.30	1,081,000	1.30
	1,961,500	5.03	1.10	1,947,194	1.10

December 31, 2018

	Options outstanding			**Options exercisable**	
Exercise price or range	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$	**No.**	**Years**	**$**	**No.**	**$**
0.50 – 1.00	902,000	5.84	0.86	800,333	0.84
1.01 – 2.00	1,081,000	6.14	1.30	981,000	1.30
	1,983,000	6.06	1.10	1,781,333	1.09

The Company values the fair value of its stock options on the date of grant using the Black-Scholes option pricing model which requires the use of certain estimates and assumptions that affect the reported amount of share-based payments cost recognized in the profit or loss. These include estimates of the fair value of common shares, the expected term of stock options, expected volatility of the Company's common shares, expected dividends and the risk-free interest rate.

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10. Share capital (Cont'd)

(c) Share-based payments (Cont'd)

The share-based payments expense for the year ended December 31, 2019 was $21,989 (2018: $69,039) and is included in general and administration expenses for 2019 in the consolidated statements of comprehensive loss.

The weighted average fair value of options granted have been estimated using the Black-Scholes option pricing model using the following assumptions:

		2018
Weighted average share price	$	0.25
Assumptions:		
Volatility		226.00%
Risk-free interest rate		2.28%
Expected term		5.51 years
Dividend yield		0.00%

As of December 31, 2019, there was $1,164 (2018: $23,067) of total unrecognized compensation cost related to 14,306 (2018: 201,667) unvested stock options granted with weighted average grant date fair value of $0.23 per share. That cost is expected to be recognized over a weighted average vesting period of 0.89 years.

11. Net loss per share

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

	2019	2018
	$	$
Net loss	(3,760,378)	(3,098,589)
	No.	No.
Weighted average number of common shares outstanding	27,267,479	27,363,643
Net loss per share:	$	$
Basic and diluted	(0.14)	(0.11)

There are 1,961,500 stock options outstanding as at December 31, 2019 (2018: 1,983,000). The stock options are excluded from the weighted average common shares in the calculation of diluted loss per share as they are anti-dilutive.

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12. Employee benefits

	2019	2018
	$	$
Salaries and other short-term employee benefits	5,443,380	5,265,074
Compulsory social security contributions	261,286	205,141
Share based payments	21,989	69,039
	5,726,655	5,539,254

13. Change in non-cash operating working capital

	2019	2018
	$	$
Trade and other receivables	554,228	(668,294)
Prepayment and other assets	313,853	(522,068)
Trade and other payables	(15,150)	(956,607)
Contract liabilities	57,370	27,692
	910,301	(2,119,277)

14. Related party transactions

Key management personnel compensation:

Key management personnel include key executive officers and the board of directors. In addition to their salaries, key executive officers participate in short-term bonus plans based upon the financial performance of the Company and other non-financial factors, set annually. The Company provides a benefit plan and vehicle allowances to executive officers. In addition, key executive officers are granted stock options at the discretion of the Company's board of directors.

As at December 31, 2019, the Company had no outstanding loan or promissory notes payable to related parties.

As at December 31, 2019, there was no loan receivable outstanding from a related party.

Key management personnel compensation comprised:

	2019	2018
	$	$
Salaries and other employee costs	585,649	573,107
Share-based payments	15,231	63,961
	600,880	637,068

14. Related party transactions (Cont'd)

Board compensation:

For the year ended December 31, 2019, total board compensation paid was $146,960 (2018 - $153,851).

Shareholdings:

Key management of the Company directly controls 37.5% of the Company's outstanding voting common shares as at December 31, 2019 (2018: 37.3%).

One member of key management together with a close relative control 51.4% of the Company's outstanding voting common shares as at December 31, 2019 (2018: 51.4%). During the year ended December 31, 2019 no common shares were issued to related parties (2018 - nil).

15. Financial instruments

(a) Financial assets:

Management has determined the carrying amount of its current financial assets, including cash and trade receivables, approximates fair value at the reporting date due to the short-term nature of these instruments. The amortized cost related to these items as of December 31, 2019 was $5,428,123 (2018: $8,869,531).

(b) Financial liabilities:

Management has determined that the carrying amount of its current financial liabilities, including trade payables and accrued liabilities and other current liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations. The amortized cost related to these items as of December 31, 2019 was $772,423 (2018: $787,573).

(c) The Company did not have any financial instruments that are measured at fair value at December 31, 2019 and December 31, 2018.

16. Financial risk management

The Company is exposed to foreign exchange risk, interest rate risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2018, and no assurance can be provided that these strategies will continue to be effective.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value, or the future value cash flow of a financial instrument, will fluctuate due to changes in foreign exchange rates. The most significant foreign exchange impact on the Company's net loss, and other comprehensive loss, is the translation of foreign currency financial instruments into Canadian dollars, which is the Company's functional and presentation currency.

The Company sells licenses and services to customers located in the United States denominated in US dollars, to customers located in Australia denominated in Australian dollars and to customers located in New Zealand denominated in New Zealand dollars.

16. **Financial risk management** (Cont'd)

(a) Foreign exchange risk (Cont'd)

The Canadian dollar equivalent of trade receivables billed in US dollars at December 31, 2019, is $155,216 (2018: $252,903), Australian dollars at December 31, 2019, is $47,096 (2018: $33,632) and New Zealand dollars at December 31, 2019, is $53,104 (2018: $86,346).

The Canadian dollar equivalent of trade payables and accrued liabilities, contract liabilities, current portion of lease obligations held in US dollars at December 31, 2019, is $188,863 (2018: $225,745), and Australian dollars at December 31, 2019, is $217,950 (2018: $202,873).

The impact of a ten percent increase in the value of the Canadian dollar, relative to the US dollar on net US denominated assets and liabilities at December 31, 2019 is a decrease to Company equity of approximately $658,215 (2018: $826,494). Accordingly, a ten percent decrease in the value of the Canadian dollar relative to the US dollar would result in an increase to the Company's equity of approximately $658,215 (2018: $826,494).

(b) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimizing the return.

The Company had no financial assets or financial liabilities that have significant interest rate risk for the year ended December 31, 2019.

(c) Credit risk

Credit risk is the financial risk of non-performance by a contracted counter party. The Company primarily sells its software to customers operating in the equipment rental and distribution industry.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. During the period the Company made write-offs of $Nil (2018: $28,031) trade receivables it does not expect to receive future cash flow from and recovered $16,916 (2018: $5,392) from collection of previously written off trade receivables.

As of December 31, 2019, $203,930 (2018: $211,062) or 36% (2018: 19%) of trade receivables were more than 90 days past due. Trade receivables are recorded net of an allowance for doubtful accounts totaling $148,142 (2018: $181,126) as at December 31, 2019.

IN CANADIAN DOLLARS

16. Financial risk management (Cont'd)

(c) Credit risk (Cont'd)

The following is a continuity of the Company's allowance for doubtful accounts for the past two years:

	$
Balance, January 1, 2018	434,244
Additions	28,031
Recoveries	(5,392)
Reclassification	(288,341)
Translation adjustments	12,584
Balance, December 31, 2018	181,126
Recoveries	(16,915)
Bad debts	(8,728)
Translation adjustments	(7,341)
Balance, December 31, 2019	148,142

The following is an aging of the Company's trade receivables as at December 31, 2019 and 2018:

	2019	**2018**
	$	$
0 – 30 days	129,226	745,607
31 – 60 days	196,710	252,750
61 – 90 days	24,025	85,189
Over 90 days	357,435	211,062
Less: allowance for doubtful accounts	(148,142)	(181,126)
	559,254	1,113,482

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

	December 31, 2019				
	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years
	$	$	$	$	$
Trade payables and accrued liabilities	772,423	772,423	772,423	-	-
Lease liabilities	437,641	514,935	117,487	119,851	238,675

IN CANADIAN DOLLARS

17. Capital risk management

The Company's objective is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Company defines capital as total debt and equity. As at December 31, 2019, the Company is not subject to any externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2019.

The Company's capital structure consists of the following:

	2019	2018
	$	$
Equity	4,982,926	9,063,247
Total Capital	4,982,926	9,063,247

18. Segment information

	2019	2018
Revenue by geographic segment:	$	$
Canada	4,504,059	4,701,666
Australia	1,244,835	1,404,325
	5,748,894	6,105,991

	2019	
	Canada	Australia
Disaggregation of revenue:	$	$
Recurring:		
Maintenance	589,547	409,506
Subscription fees (i)	3,051,762	504,826
	3,641,309	914,332
Non-recurring:		
License fees (i)	56,825	208,119
Implementation and Training	805,925	122,384
	862,750	330,503
Total revenue	4,504,059	1,244,835

IN CANADIAN DOLLARS

18. Segment information (Cont'd)

	2018	
	Canada	Australia
Disaggregation of revenue:	$	$
Recurring:		
Maintenance	655,436	440,084
Subscription fees (i)	2,731,445	372,669
	3,386,881	812,753
Non-recurring:		
License fees (i)	528,105	-
Implementation and Training	786,680	591,572
	1,314,785	591,572
Total revenue	4,701,666	1,404,325

(i) In instances of bundled contracts, Subscription fees and License fees exclude implementation and training services, which are listed separately above.

	2019	2018
Property and equipment and intangible assets by geographic segment:	$	$
United States	1,294	-
Canada	442,258	228,553
Australia	119,114	13,779
	562,666	242,332

19. Noble Iron Inc. entities

The following table lists the significant subsidiaries of the Company.

Subsidiary	Country of incorporation	Ownership		Functional currency
		2019	2018	
Noble Iron (U.S.), Inc.	United States	100%	100%	US Dollar
Noble Rents, Inc.	United States	100%	100%	US Dollar
Noble Equipment, Inc.	United States	100%	100%	US Dollar
Systematic Computer Services Corporation	Canada	100%	100%	Canadian Dollar
Texada Software Pty Ltd.	Australia	100%	100%	Australian Dollar

20. Contingencies and commitments

The Company is subject to claims and lawsuits filed in the ordinary course of business. Although management does not believe that any such proceedings will have material adverse effect going forward, no assurances to that effect can be given based on the uncertainty of litigation and demands of third parties. As at year ended December 31, 2019 there were no significant claims or legal proceedings against subsidiaries of the Company.

21. Subsequent events

On January 30, 2020, the World Heath Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. Governments worldwide immediately enacted emergency measures including but not limited to self-imposed quarantine and social distancing, closure of businesses and construction sites resulting in an economic slowdown. The impact of COVID-19 could negatively impact the Company’s operations and customers by prolonged regional and global closures of the Company’s customer base operations, including stop work orders on existing contracted work for an unknown period of time, stalling the projects going live and new customer onboarding. Any closures, quarantines and labor shortages of the Company’s customers may adversely impact the Company’s revenues and cashflows.

As of the date of these financial statements, the extent to which the COVID-19 impacts the Company’s results cannot be reliably estimated and depends on future developments and reaction from the government and the Bank of Canada, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken to contain it or its impact.