TrackX Holdings Inc.

(Formerly Cougar Minerals Corporation)

Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended March 31, 2017 and 2016

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

TrackX

Connecting Assets in a Connected World

NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

TrackX Holdings Inc.

(Formerly Cougar Minerals Corporation)

Interim Condensed Consolidated Statements of Financial Position

(Unaudited and Expressed in Canadian Dollars)

	Note	March 31 2017	September 30 2016
ASSETS			
Current			
Cash		$ 153,172	$ 1,280,769
Accounts receivable	7	1,164,713	456,814
Inventory		146,912	165,428
Prepaid expenses		142,102	92,169
		1,606,899	1,995,180
Deposits		8,138	8,009
Equipment	5	16,608	10,951
Intangible assets	6	390,476	432,057
TOTAL ASSETS		$ 2,022,121	$ 2,446,197
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8, 17	$ 1,507,660	$ 784,468
Deferred revenue	9	377,819	327,654
Accrued bonus incentive (short term)	4, 17	133,000	133,000
		2,018,479	1,245,122
Accrued bonus incentive	4, 17	132,000	132,000
TOTAL LIABILITIES		2,150,479	1,377,122
SHAREHOLDERS' EQUITY			
Share capital	11	7,958,137	7,709,747
Reserves		1,117,062	984,429
Contingently issuable shares	11	370,080	370,080
Cumulative translation adjustment		(452,244)	(468,082)
Deficit		(9,121,393)	(7,527,099)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		(128,358)	1,069,075
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		$ 2,022,121	$ 2,446,197

Nature of Operations and Going Concern *(Note 1)*
Contingencies and Commitments (*Note 15*)
Subsequent Events *(Note 19)*

Approved by the Board of Directors:

"Tim Harvie"
Director

"Darryl Cardey"
Director

- See Accompanying Notes -

TrackX Holdings Inc.

(Formerly Cougar Minerals Corporation)

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Unaudited and Expressed in Canadian Dollars)

	Note	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Six Months Ended March 31 2017	Six Months Ended March 31 2016
Revenues	12	$ 1,327,502	$ 306,311	$ 2,960,693	$ 576,378
Cost of Sales	13	872,549	452,687	2,056,980	768,131
Gross Margin		454,953	(146,376)	903,713	(191,753)
Expenses	13				
Accretion on contingent liability	10	-	9,397	-	27,425
Amortization of intangible assets	6	24,088	20,598	48,398	40,629
Depreciation of equipment	5	2,685	1,074	5,044	2,119
Finance charges		-	25,830	-	43,638
Foreign exchange (gain) loss		(29,587)	-	(32,416)	-
General and administrative		858,272	205,949	1,512,361	474,224
Product enhancements and development		272,205	-	307,006	-
Sales and marketing		239,584	57,937	424,148	115,002
Share based compensation	11	123,439	-	233,466	-
		1,490,686	320,785	2,498,007	703,037
Loss for the period		(1,035,733)	(467,161)	(1,594,294)	(894,790)
Foreign exchange translation adjustment		(11,239)	8,993	15,838	(133,760)
Comprehensive loss for the period		$ (1,046,972)	(458,168)	(1,578,456)	(1,028,550)
Basic and fully diluted loss per common share		(0.02)	(0.06)	(0.03)	(0.14)
Weighted average common shares outstanding		55,757,420	7,251,737	55,638,404	7,251,737

- See Accompanying Notes -

TrackX Holdings Inc.

(Formerly Cougar Minerals Corporation)

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited and Expressed in Canadian Dollars)

Cash Provided By (Used In):		Six Months Ended March 31 2017		Six Months Ended March 31 2016
Operating activities:				
Loss for the period	$	(1,594,294)	$	(894,790)
Items not affecting cash:				
Accretion of contingent liability		-		27,425
Amortization of intangible assets		48,398		40,629
Depreciation of equipment		5,044		2,119
Foreign exchange		(10,202)		-
Share based compensation		233,466		-
Change in non-cash working capital:				
Accounts receivable		(707,899)		(28,983)
Prepaid expenses		(49,933)		(121,680)
Accounts payable and accrued liabilities		723,192		(104,906)
Deferred revenue		50,165		4,069
Inventory		18,516		-
		(1,283,547)		(1,076,117)
Investing activities:				
Acquisition of equipment		(10,511)		-
Financing activities:				
Convertible debentures		-		1,142,254
Proceeds from exercise of warrants		147,557		-
Net change in cash		(1,146,501)		66,137
Foreign exchange impact on cash		18,904		1,527
Cash - beginning of period		1,280,769		51,279
Cash - end of period	$	153,172	$	118,943
Supplemental non-cash financing information:				
Cumulative translation adjustment	$	15,838	$	(133,760)
Current portion of contingent liability	$	-	$	368,736
Fair value of warrants exercised	$	100,833	$	-
Royalty payable on earned-income	$	-	$	227,218

- See Accompanying Notes -

TrackX Holdings Inc.
(Formerly Cougar Minerals Corporation)
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Unaudited and Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Reserve $	Contingently issuable shares $	Cumulative Translation Adjustment $	Deficit $	Total $
Balance, September 30, 2015	13,500,000	187,645	-	-	(67,217)	(2,160,621)	(2,040,193)
Comprehensive loss	-	-	-	-	(336,188)	(1,965,029)	(2,301,217)
Balance, March 31, 2016	13,500,000	187,645	-	-	(403,405)	(4,125,650)	(4,341,410)
Elimination pre-RTO shares	(13,500,000)	-	-	-	-	-	-
Equity issued per reverse takeover of TrackX	13,500,000	2,150,431	-	-	-	-	2,150,431
Acquisition of TrackX Holdings	8,601,751	-	-	-	-	-	-
Shares issued as finder's fee on Transaction	750,000	187,500	-	-	-	-	187,500
Agents Shares as issuance Costs	150,000	37,500	-	-	-	-	37,500
Distribution of cash to TrackX shareholders	-	(250,000)	-	-	-	-	(250,000)
Shares issued on convertible debenture and interest	13,316,392	1,331,640	-	-	-	-	1,331,640
Shares issued on settlement of contingent consideration	2,175,000	543,750	-	-	-	-	543,750
Shares issued for cash	16,800,000	4,200,000	-	-	-	-	4,200,000
Share issue costs	-	(451,323)	-	-	-	-	(451,323)
Agent warrants exercised	8,840	2,210	-	-	-	-	2,210
Fair value of agent's compensation options	-	(215,939)	215,939	-	-	-	-
Fair value of finder's warrants	-	(13,667)	13,667	-	-	-	-
Share based compensation	-	-	754,823	-	-	-	754,823
Contingently issuable shares	-	-	-	370,080	-	-	370,080
Comprehensive loss	-	-	-	-	(64,677)	(3,401,449)	(3,466,126)
Balance, September 30, 2016	55,301,983	7,709,747	984,429	370,080	(468,082)	(7,527,099)	1,069,075
Agent warrants exercised	558,228	234,923	(95,366)	-	-	-	139,557
Finders warrants exercised	32,000	13,467	(5,467)	-	-	-	8,000
Share based compensation	-	-	233,466	-	-	-	233,466
Comprehensive loss	-	-	-	-	15,838	(1,594,294)	(1,578,456)
Balance, March 31, 2017	55,892,211	7,958,137	1,117,062	370,080	(452,244)	(9,121,393)	(128,358)

- See Accompanying Notes -

1. Nature of Operations and Going Concern

TrackX Holdings Inc. (formerly Cougar Minerals Corporation) (the **"Company**" or "**TrackX Holding**s") was incorporated under the Canadian Business Corporation Act on April 21, 2004 and continued into British Columbia on January 11, 2016. The head office, principal address and records office of the Company are located at 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada. The Company's common shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "**TSX-V**") under the symbol "**TKX**" (formerly "**COU**").

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $9,121,393 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, expansion and customer deployments.

Reverse Takeover

On May 26, 2016, the Company completed the reverse takeover transaction ("**RTO**") pursuant to which it acquired TrackX, Inc. ("**TrackX**") (formerly TrackX LLC) which operates under the laws of the state of Delaware, United States of America ("**USA**"). The principal activity of TrackX is development and marketing of software and customization of hardware. The Company provides value by enabling customers to track physical assets using radio frequency technology in combination with proprietary software. The head office of TrackX are located at 9200 East Mineral Ave, Suite 350 Centennial, CO 80112 USA.

On closing of the RTO, TrackX, Inc. became a wholly-owned subsidiary of the Company. As TrackX Inc. is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. TrackX Inc.'s operations were considered to be a continuance of the business and operations of TrackX LLC. The Company's results of operations are those of TrackX Inc., with TrackX Holdings operations being included from May 26, 2016 onwards, the closing date. Please refer to RTO (Note 4) for more details.

2. Basis of Presentation

a) Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("**IAS**") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, certain information normally included in annual financial statements prepared in accordance with International Financial Reporting Standard ("**IFRS**"), as issued by the IASB, has been omitted or condensed. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statement for the year ended September 30, 2016.

2. Basis of Presentation (cont'd…)

a) Statement of Compliance (cont'd…)

These financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit and loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting. The accounting policies set out in Note 3 have been applied consistently by the Company during periods presented.

b) Approval of the Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors on May 30, 2017.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These financial statements are presented in Canadian dollars, the Company's presentation currency. The functional currency of TrackX Holdings, the legal parent company is Canadian dollars and TrackX Inc., the legal subsidiary is United States dollars.

Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position. This would include any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as part of the assets and liabilities of the foreign operation;

- Income and expenses for each income statement (including comparatives) are translated at exchange rates approximately at the dates of the transactions; and
- All resulting exchange differences are recognized in other comprehensive income.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

d) Basis of Consolidation

The interim condensed consolidated financial statements include, on a consolidated basis, assets, liabilities, revenues and expenses of the Company and its wholly-owned subsidiary, TrackX Inc which was incorporated in Delaware, USA and carried out the business in the USA. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commenced. All intercompany transactions and balances are eliminated on consolidation.

3. Significant Accounting Policies

a) Use of critical accounting judgment and estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Estimates and assumptions are pervasive throughout the financial statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods impacted.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. Accounts receivable and deferred revenue

The recoverability of trade and other receivables are included in the statement of financial position; based on estimated recovery. Cash received in advance of completed services is recorded as deferred revenue.

ii. Intangible Assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

iii. Cash generating units

The determination of the Company's cash generating units ("**CGU**") impacts the measurement of impairment that is recognized in the financial statements. The determination of CGU's requires judgement in defining the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGU's are determined by similar market locations, shared infrastructure type of services provided, similar exposure to political risk, market risk and materiality.

iv. Revenue recognition

Revenues under certain contracts provide for receipt of payment based on achieving defined milestones. Revenues are recognized under these contracts based on management's estimate of progress achieved against these milestones or on the percentage of completion method of accounting.

3. Significant Accounting Policies (cont'd…)

a) Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows: (cont'd…)

v. Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

vi. Valuation of contingently issuable shares

The Company recognizes the fair value of contingently issuable shares and has classified it as equity carried at fair value with changes in fair value flowing through profit or loss. Contingently issuable shares are measured at fair value based on management's best estimate of the probability of the attainment of specified revenue and earnings targets at each reporting period and is subsequently revalued at each financial reporting period. Management's estimate of the probability of the attainment of specified revenue and earnings targets takes into account management's evaluation of the revenue and earnings forecasts. Changes in management's estimate of the probability of achieving the specified target could have a material impact on the valuation of the contingently issuable shares.

vii. Allowance for doubtful accounts

The Company records an allowance for doubtful accounts related to trade and other receivables that are considered to be uncollectible. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts.

viii. Intangibles – impairment

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

3. Significant Accounting Policies (cont'd…)

b) Equipment

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net in profit or loss. Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Company rates for depreciation are as follows:

Computer equipment	3 years
Furniture and fixtures	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

c) Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

d) Intangible assets

The Company owns intangible assets consisting of purchased intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

Intellectual property	5 years

3. Significant Accounting Policies (cont'd…)

e) Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. The Company and its operations is considered to be the CGU.

An impairment loss is reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

f) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services rendered. Expired stock options are transferred from reserves to deficit.

g) Contingently issuable shares

Equity-settled share -based payment arrangements such as performance shares issuable are based on certain performance conditions being met. Conditions include meeting revenue targets and achieving positive Earnings Before Interest Taxes Depreciation and Amortization ("**EBDITA**") targets. The fair value of performance shares issuable is calculated using valuation techniques and is recognized in profit or loss over the period between the date of grant and the date the performance conditions are expected to be met. Re-measurement of the contingently issuable shares is completed at each reporting period.

3. Significant Accounting Policies (cont'd…)

h) Share capital

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

i) Income/loss per share

The Company presents basic and diluted income/loss per share data for its common shares, calculated by dividing the income/loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income/loss per share does not adjust the income/loss attributed to the common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants ("**Warrants**"). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value method. The residual value of warrants is included in reserves. Warrants that are issued as payment for broker or agency fees are accounted for as share issue costs. Expired warrants are transferred from reserves to share capital.

k) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. Significant Accounting Policies (cont'd…)

l) Revenues

i. Sale of goods and services:

The Company sells hardware, software, and services. When two or more sales activities or deliverables are sold under a single arrangement each deliverable that is considered to be a separate unit of accounting is accounted for separately. The allocation of consideration from the revenues arrangement to its separate units of account is set out in each arrangement. Revenues are recorded when delivery of the software and services has occurred, fees are fixed and collectability is reasonably assured.

ii. Perpetual software license fees:

The Company generates revenues from installation of perpetual software licenses. Revenues are recognized when the software is activated. The amount of revenues can be measured reliably as the license fee of the product is fixed as agreed upon in the underlying purchase order or agreement.

iii. Customization and integration fees:

Software customization and integration contracts are on a time and materials basis. These revenues are recognized upon completion of the integration into the customer application. The services are separate units of accounting because they have stand-alone value to the customer and are sold separately by the Company.

iv. SaaS, hosting, and maintenance fees:

Revenues from SaaS, hosting, and maintenance fees charged for services to be provided are deferred and recognized in profit or loss rateably over the term of the arrangement beginning on the date the software is activated.

v. Setup, implementation, and other fees:

The majority of the Company's setup and implementation contracts are on a time and materials basis. Implementation includes setup and configuration of hardware. Revenues from implementation are recognized by the stage of completion of the arrangement as the services are rendered using the percentage of completion method or when the milestones are achieved and collectability is reasonably assured. The Company recognizes revenues from hardware sales when ownership transfers to the customer.

m) Related party transactions

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

3. Significant Accounting Policies (cont'd…)

n) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in, first-out principle, and includes expenditures incurred in acquiring the inventory and the costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventory consists of hardware for resell.

o) Financial Instruments

i. Financial Assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("**FVTPL**"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

ii. Financial Liabilities:

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

iii. De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

3. Significant Accounting Policies (cont'd…)

o) Financial Instruments (cont'd…)

iv. De-recognition of financial liabilities (cont'd…):

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments are classified as follows:

Financial assets:		Classification:
Cash	-	FVTPL
Accounts receivable	-	Loans and receivables
Deposits	-	Loans and receivables

Financial liabilities:		Classification:
Accounts payable and accrued liabilities	-	Other financial liabilities
Incentive bonus	-	Other financial liabilities

v. Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

With the exception of Available-For-Sale ("**AFS**") financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS financial assets, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

vi. Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instrument measured at fair value on the statement of financial position consists of cash, which is measured at level 1 of the fair value hierarchy.

3. Significant Accounting Policies (cont'd…)

o) Financial Instruments (cont'd…)

vii. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

p) Accumulated other comprehensive income

Accumulated other comprehensive income consists of the net income and other comprehensive income ("**OCI**"). The Company's financial statements include a Statement of Loss and Comprehensive Loss, which includes the components of comprehensive income.

For the Company, OCI is comprised of foreign currency translation differences for foreign operations which are presented within the shareholders' equity section of the statement of financial position.

q) Convertible debt

Convertible notes are separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the liability and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt with similar terms at the time of issue. The fair value of the equity component (conversion feature) is determined at the time of issue as the difference between the face value of the convertible note and the fair value of the liability component.

r) New Standards and Interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of the following standards on the financial statements and intends to adopt these standards when they become effective.

IFRS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization clarify the principle in IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

IAS 12 **–** Amendments to the Standard to clarify the recognition of a deferred tax asset for unrealized losses.

IFRS 9 – Financial Instruments: Classification and Measurement. Replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The Company will start the application of IFRS 9 in the financial statements effective from October 1, 2018.

3. Significant Accounting Policies (cont'd…)

r) New Standards and Interpretations not yet adopted (cont'd…)

IFRS 15 – Revenue from Contracts with Customers. The standard replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1) Identify the contract(s) with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations in the contract; and
5) Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Company will start the application of IFRS 15 in the financial statements effective from October 1, 2018.

4. Reverse Takeover Transaction ("RTO")

On May 26, 2016, the Company completed a RTO (the "**Transaction**") as follows:

Pursuant to the Transaction, the Company issued 13,500,000 common shares valued at $2,150,431 and paid $250,000 in cash accounted for as a distribution of share capital to shareholders of TrackX Inc. in exchange for all of the issued and outstanding securities of TrackX. Simultaneously the Company issued a further 13,316,392 to retire $1,300,000 of convertible debt and $31,640 accrued interest. Because the former shareholders of TrackX obtained control of the resulting issuer, the transaction is considered a purchase of TrackX Holdings by the Company and is accounted for as a reverse acquisition. Accordingly, TrackX is considered to have acquired the Company.

Beyond the initial issue of 13,500,000 common shares to the TrackX shareholders by the Company, contingently issuable shares (Note 11) of 7,650,000 additional shares are payable, based on meeting performance targets as follows:

i. 2,550,000 performance shares upon TrackX generating total revenues of not less than $6,500,000 on or before May 26, 2017 (the "**First Performance Date**");
ii. 1,275,000 performance shares upon TrackX generating total revenues of not less than $14,000,000 on or before May 26, 2018 (the "**Second Performance Date**");
iii. 1,275,000 performance shares upon TrackX achieving positive EBITDA of not less than $2,100,000 on or before the Second Performance Date;
iv. 1,275,000 performance shares upon TrackX generating total revenues of not less than $18,000,000 on or before May 26, 2019 the Third Performance Date (the "**Third Performance Date**");
v. 1,275,000 performance shares upon TrackX achieving positive EBITDA of not less than $2,700,000 on or before Third Performance Date.

(Unaudited and Expressed in Canadian Dollars)

5. Equipment

	Furniture and Fixtures	Computer Equipment	Total
Cost			
Balance at September 30, 2016	**$ 4,283**	**$ 17,954**	**$ 22,237**
Additions / (disposals)	-	10,511	10,511
Cumulative translation adjustment	70	313	383
Balance at March 31, 2017	**$ 4,353**	**$ 28,778**	**$ 33,131**
Depreciation			
Balance at September 30, 2016	**$ 3,451**	**$ 7,835**	**$ 11,286**
Additions / (disposals)	723	4,322	5,045
Cumulative translation adjustment	58	134	192
Balance at March 31, 2017	**$ 4,232**	**12,291**	**16,523**
Carrying Value as at September 30, 2016	**$ 832**	**$ 10,119**	**$ 10,951**
Carrying Value as at March 31, 2017	**$ 121**	**$ 16,487**	**$ 16,608**

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses, adjusted for cumulative translation.

6. Intangible Assets

	Intellectual Property
Cost	
As at September 30, 2016	**$ 655,850**
Additions/(disposals)	-
Cumulative translation adjustment	10,550
As at March 31, 2017	**$ 666,400**
Amortization	
As at September 30, 2016	**$ 223,793**
Additions/(disposals)	48,399
Cumulative translation adjustment	3,732
As at March 31, 2017	**$ 275,924**
Net Book Value as at September 30, 2016	**$ 432,057**
Net Book Value as at March 31, 2017	**$ 390,476**

Intangible assets include patents, architecture, source code, trademarks, and other intellectual property that support the TrackX suite of products.

(Unaudited and Expressed in Canadian Dollars)

7. Accounts Receivable

	March 31, 2017	September 30, 2016
Trade receivables	$ 1,161,366	$ 432,979
Taxes receivable from federal governments	3,347	23,835
	$ 1,164,713	**$ 456,814**

The Company currently does not factor its accounts receivable and there has been no provision for doubtful accounts for the periods presented.

8. Accounts Payable and Accrued Liabilities

	March 31, 2017	September 30, 2016
Trade and other payables	$ 1,147,822	$ 634,831
Due to related parties (Note 17)	152,388	42,808
Accrued liabilities and other	207,450	106,829
	$ 1,507,660	**$ 784,468**

9. Deferred Revenue

Deferred revenue consists of customer deposits received in advance of product installed or services performed.

10. Contingent Consideration

The continuity of the contingent consideration obligation is as follows:

	March 31, 2017	March 31, 2016
Balance, beginning of the period	**$ -**	**$ 2,440,801**
Paid or accrued during the period	-	-
Accretion expense	-	27,425
Cumulative translation adjustment	-	(125,664)
	$ -	**$ 2,342,562**
Less: Current portion	-	368,376
Long term contingent consideration	**$ -**	**$ 1,974,186**

As at May 26, 2016, the Company issued 2,175,000 shares with a fair value of $543,750 to a company related by common directors to settle the contingent consideration obligation, $2,420,220 and balances that had become due recorded in accounts payable and accrued liabilities $167,045 (royalty payable) resulting in a gain on settlement of contingent consideration of $2,043,515.

10. Contingent Consideration (cont'd…)

Beyond the issuance of 2,175,000 common shares to the TrackX shareholders by the Company, a potential 1,350,000 contingently issuable shares could be issued, based on meeting the performance targets as follows:

i. 450,000 performance shares upon TrackX generating total revenues of not less than $6,500,000 on or before the First Performance Date;
ii. 225,000 performance shares upon TrackX generating total revenues of not less than $14,000,000 on or before May 26, 2018 the Second Performance Date;
iii. 225,000 performance shares upon TrackX achieving positive EBITDA of not less than $2,100,000 on or before the Second Performance Date;
iv. 225,000 performance shares upon TrackX generating total revenues of not less than $18,000,000 on or before May 26, 2019 the Third Performance Date;
v. 225,000 performance shares upon TrackX achieving positive EBITDA of not less than $2,700,000 on or before Third Performance Date.

11. Shareholders' Equity

a) Authorized and Issued Share Capital

The Company is authorized to issue an unlimited number of common shares.

b) Share Capital Transactions

As at March 31, 2017, the Company had 55,892,211 of issued and outstanding common shares.

During the six months ended March 31, 2017, 590,228 warrants were exercised for proceeds of $147,557.

c) Stock Options

The Company has entered into Incentive Stock Option Agreements ("**Agreements**") under the terms of its stock option plan with directors, officers, consultants and employees. Under the terms of the Agreements, the exercise price of each option is set, at a minimum, at the fair value of the common shares at the date of grant. Stock options granted to certain employees, directors and officers of the Company are subject to vesting terms as decided by the Board of Directors. All exercise prices are denominated in Canadian Dollars. Prior to this plan the Company has Nil options outstanding.

The following is a summary of the stock option transactions for the period ended March 31, 2017:

September 30, 2016	Issued	Cancelled	Exercised	March 31, 2017	Exercise Price	Expiry Date
4,560,000	-	(850,000)	-	3,710,000	$0.250	May 26, 2021
100,000	-	-	-	100,000	$0.500	July 8, 2021
-	450,000	-	-	450,000	$0.395	November 1, 2021
-	210,000	-	-	210,000	$0.345	November 29, 2021
-	200,000	-	-	200,000	$0.360	January 11, 2020
4,660,000	860,000	(850,000)	-	4,670,000	$0.280	
Exercisable				2,425,168		

(Unaudited and Expressed in Canadian Dollars)

11. Shareholders' Equity (cont'd…)

c) Stock Options (cont'd…)

i. On November 1, 2016, the Company granted to an officer 450,000 stock options. The options are exercisable at $0.395 per common share for a period of five years and vest over 36 months. The fair value of the options was estimated to be $152,123 using the Black-Scholes valuation.

ii. On November 29, 2016, the Company granted to its senior employees 210,000 stock options. The options are exercisable at $0.345 per common share for a period of five years and vest over 36 months. The fair value of the options was estimated to be $62,441 using the Black-Scholes valuation.

iii. On January 11, 2017, the Company granted to a consultant 200,000 stock options. The options are exercisable at $0.360 per common share for a period of three years and vest over 12 months. The fair value of the options was $82,448 using the Black-Scholes valuation.

The following weighted average assumptions were used using the Black-Scholes model:

Stock price volatility	130.61%
Risk-free interest rate	0.79%
Expected life of options	4.53 years
Expected dividend yield	0.00%

During the period ended March 31, 2017, the Company recorded share-based compensation of $233,466 for options that vested during the period.

d) Warrants

On closing of the May 26 private placement described above, the Company issued the agent and its selling group an aggregate of 1,264,000 compensation warrants. Each warrant entitles the holder to purchase one common share at a price of $0.25 until May 26, 2018. The Company also issued warrants relating to the Private Placement to finders (outside of the Agent and its selling group) an aggregate of 80,000 finders warrants with the same terms.

The following is a summary of the warrant transactions for the periods ended March 31, 2017:

September 30, 2016	Issued	Exercised	March 31, 2017	Exercise Price	Expiry Date
80,000	-	(32,000)	48,000	$0.25	May 26, 2018
1,255,160	-	(558,228)	696,932	$0.25	May 26, 2018
1,335,160	-	(590,228)	744,932	$0.25	

e) Contingently issuable shares

The Company entered into an agreement to issue contingently issuable shares as per the RTO to TrackX shareholders of up to 9,000,000 contingently issuable shares: 7,650,000 contingently issuable shares (Note 4) were in relation to the RTO and 1,350,000 contingently issuable shares (Note 10) were in relation to the contingent consideration relating to the royalty agreement settlement.

(Unaudited and Expressed in Canadian Dollars)

11. Shareholders' Equity (cont'd…)

e) Contingently issuable shares (cont'd…)

The fair value of the Performance Shares is estimated using a probability-weighted discounted cash flow analysis using unobservable (Level 3) inputs.

These inputs include:

i. the estimated amount and timing of projected cash flows

ii. the probability of achievement of the factor(s) on which the cash flows are based

iii. the discount rate used to present value the probability-weighted cash flows

iv. the inputs used in the Black Scholes Model to determine the expected market value of the underlying TrackX shares on settlement date.

The Company probability weighted scenarios and discounted the contingent shares payable based on the expected shared price at the respective RTO anniversary dates. The resultant graded vesting valuation was recorded as contingently issuable shares of $370,080.

12. Revenues

	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Six Months Ended March 31 2017	Six Months Ended March 31 2016
Perpetual software license fees	$ -	$ 68,572	$ -	$ 68,572
Customization and integration fees	120,762	9,984	120,762	9,984
SaaS, hosting, and maintenance fees	299,830	154,850	565,578	298,986
Setup, implementation, and other fees	906,910	72,905	2,274,353	198,836
	$ 1,327,502	**$ 306,311**	**$ 2,960,693**	**$ 576,378**

13. Expenses by Nature

Total salaries and wages as well as other personnel related expenses included in Cost of Sales and Expenses for the three and six months ended March 31, 2017 were $483,523 and $893,819, respectively compared to $217,566 and $454,649 during the three and six months ended March 31, 2016, respectively.

14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of shareholders' equity, reserves and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as considered appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

(Unaudited and Expressed in Canadian Dollars)

15. Contingencies and Commitments

The Company is obligated to issue contingently issuable shares upon meeting certain performance measurements. (Note 11)

The Company's rental obligations are on a month to month basis.

16. Segmented Information

The Company's operations are conducted primarily in the United States. Revenues are disclosed in Note 12. Capital assets are located primarily in the United States.

17. Related Party Transactions

Key management personnel consist of directors and senior management including the President, Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, and Chief Operating Officer. Key management personnel compensation includes:

	Three Months Ended March 31 2017	Three Months Ended March 31 2016	Six Months Ended March 31 2017	Six Months Ended March 31 2016
Salaries and wages	$ 317,030	$ 123,580	$ 503,218	$ 247,160
Consulting	24,053	54,657	53,976	117,469
Automobile allowance	5,649	4,746	12,428	17,014
Professional fees	11,963	-	23,925	-
	$ 358,695	**$ 182,983**	**$ 593,547**	**$ 381,643**

On completion of the Transaction, the Company acquired rights to an intangible asset from directors of the Company for $267,460 ($200,000 USD). Payments of $53,167 were made during the period ended March 31, 2017. $Nil remains owed as at March 31, 2017.

As of March 31, 2017, $152,388 (2016 – $42,808) is included in the accounts payable and accrued liabilities of the Company payable to key management personnel.

Included in rent and facilities expense is $6,000 (2016 – $Nil) of rental fees paid to a company controlled by a common director.

Contingently issuable shares are due to directors and a company related by common ownership as indicated in Notes 4 and 10. The following balances remain at March 31, 2017:

- $370,080 relating to the future grant of contingently issuable shares included in share based compensation.
- $265,000 relating to the future payments for an incentive bonus. $133,000 has been recorded as a current liability and the remaining $132,000 has been recorded as a long-term liability.

18. Financial Instruments

a) Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

18. Financial Instruments (cont'd…)

b) Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. Cash is held with major financial institutions in the United States and Canada and is subject to the Interest Rate Risk. Receivables are subject to standard credit terms.

c) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

d) Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than US dollars.

Based on the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar would result in a decrease or increase in the reported loss of approximately $68,000 in the period.

e) Fair Value Hierarchy

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on Level 1 inputs of the fair value hierarchy.

The estimated fair value of accounts receivable, accounts payable and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments.

19. Subsequent Events

On May 10, 2017, the Company completed a private placement of 13,684,210 units of the company with a syndicate of investment dealers led by Haywood Securities Inc., and including Canaccord Genuity Corp. and Paradigm Capital Inc., for gross proceeds of $5.2 million.

Each unit comprises one common share of the company and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share for a period of 24 months following the closing date of the offering at an exercise price of 55 cents per warrant share, subject to adjustment in certain events. The expiry date of the warrants may be accelerated by the company at any time following the six-month anniversary of the closing date of the offering and prior to the expiry date of the warrants if the volume-weighted average trading price of the common shares is greater than 75 cents for any 20 consecutive trading days, at which time the company may accelerate the expiry date of the warrants by issuing a press release announcing the reduced warrant term, whereupon the warrants will expire on the 20th calendar day after the date of such press release.