YDreams Global Interactive Technologies Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2017

(Unaudited - Expressed in Canadian dollars)

(Prepared by Management)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of YDreams Global Interactive Technologies Inc.(the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the nine months ended September 30, 2017 have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars.

YDREAMS GLOBAL INTERACTIVE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		September 30, 2017 (unaudited)		December 31, 2016 (audited)
ASSETS					
CURRENT					
Cash and cash equivalents	5	$	392,239	$	837,044
Trade accounts receivable and prepaids	7		309,694		474,388
Recoverable taxes	8		501,998		442,018
Marketable securities	6		-		24,000
			1,203,931		1,777,450
Equipment	9		325,536		260,033
TOTAL ASSETS		$	1,529,467	$	2,037,483
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	10	$	113,717	$	223,982
Loans and financing	11		423,746		136,549
Salaries and social charges payable	12		396,112		344,560
Taxes and contributions payable	12		172,046		375,592
Unearned revenue			30,753		30,000
Other payables			9,164		9,976
			1,145,538		1,120,659
Loans and financing	11		119,190		84,932
Salaries and social charges payable	12		174,458		198,630
Taxes and contributions payable	12		527,623		456,233
			1,966,809		1,860,454
SHAREHOLDERS' EQUITY					
Share capital	13		5,505,253		3,884,471
Share-based payment reserve	13		1,722,455		1,047,876
AOCI			12,338		99,301
Deficit			(7,677,388)		(4,854,619)
TOTAL SHAREHOLDERS' EQUITY			(437,342)		177,029
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	1,529,467	$	2,037,483

Approved and authorized for issue on behalf of the Board on November 29, 2017

“Miguel Remedio”
Director

“Daniel Cavalcanti Japiassu”
Director

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

YDREAMS GLOBAL INTERACTIVE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Comprehensive loss
For the nine months ended September 30, 2017
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
NET SALES REVENUE		537,624	1,574,670	1,318,636	3,989,396
COSTS OF SERVICES RENDERED		(318,223)	(1,077,008)	(1,137,196)	(1,982,057)
GROSS PROFIT		219,401	497,662	181,440	2,007,339
EXPENSES					
Personnel expenses		$ 77,540	$ 221,199	$ 249,293	$ 365,479
Consulting		75,581	153,613	312,055	217,627
Depreciation		24,836	24,910	77,644	69,490
Finance fees		-	417,943	-	417,943
Management fees	15	92,521	3,600	259,036	3,600
Office and miscellaneous		112,835	75,040	310,016	238,207
Professional fees		137,112	347,882	531,404	686,546
Share-based payments	13	52,870	139,037	720,309	139,037
Shareholder information		9,940	364	24,637	364
Transfer agent and filing fees		2,337	36,583	19,756	36,583
Travel and promotion		63,917	57,412	419,818	70,777
Other expenses		9,628	4,546	17,783	14,776
TOTAL OPERATING EXPENSES		(659,117)	(1,482,129)	(2,941,751)	(2,260,429)
LOSS BEFORE OTHER ITEMS		(439,716)	(984,467)	(2,760,311)	(253,090)
OTHER ITEMS:					
Interest income		7,149	2,775	82,683	8,887
Interest expenses		(48,539)	(198,674)	(155,641)	(416,349)
Gain on write-off of accounts payable		-	328,930	-	328,930
Listing expense		-	(2,121,712)	-	(2,121,712)
Realized gain on sale of marketable securities	6	-	-	10,500	-
		(41,390)	(1,988,681)	(62,458)	(2,200,244)
LOSS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		$ (481,106)	$ (2,973,148)	$ (2,822,769)	$ (2,453,334)
Income and Social Contribution taxes (recoverable) payable – current		-	113,341	-	(60,074)
NET LOSS FOR THE PERIOD		$ (481,106)	$ (2,859,807)	$ (2,822,769)	$ (2,513,408)
OTHER COMPREHENSIVE LOSS					
Foreign currency translation adjustment		(2,702)	(15,802)	12,338	(152,033)
COMPREHENSIVE LOSS		$ (483,808)	$ (2,875,609)	(2,810,431)	$ (2,665,441)
Loss per share, basic and diluted		$ (0.01)	$ (0.06)	(0.05)	$ (0.16)
Weighted average number of common shares outstanding		60,518,528	44,352,211	60,044,495	16,581,151

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

YDREAMS GLOBAL INTERACTIVE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended September 30, 2017
(Unaudited - Expressed in Canadian dollars)

	Share capital					
	Number of Common Shares without Par Value	Amount	Contributed Surplus	AOCI	Deficit	Total Shareholders' Equity
Balance, December 31, 2015	**321,742**	**169,429**	**-**	**246,450**	**(1,086,542)**	**(670,663)**
Shares issued pursuant to private placements	12,000,000	1,800,000	-	-	-	1,800,000
Share issue costs	-	(70,731)	-	-	-	(70,731)
Finders’ warrants issued for private placements	-	(103,008)	103,008	-	-	-
Share-based payment expense	-		139,037	-	-	139,037
Shares issued on settlement of debt	6,500,002	975,000	-	-	-	975,000
Finders’ shares issued on reverse takeover	2,111,110	316,666	-	-	-	316,666
Shares issued as replacement shares at reverse takeover	30,000,000	-	-	-	-	-
YDBR shares replaced at reverse takeover	(321,742)	-	-	-	-	-
Bonus warrants issued to certain lenders	-	-	72,790	-	-	72,790
Reverse takeover consideration	2,543,032	381,455	667,569	-	-	1,049,024
Currency translation adjustment	-	-	-	(152,033)	-	(152,033)
Net loss for the period	-	-	-		(2,513,408)	(2,513,408)
Balance, September 30, 2016 (restated)	**53,154,144**	**3,468,811**	**982,404**	**94,417**	**(3,599,950)**	**945,682**
Stock options exercised	1,316,667	269,167	-	-	-	269,167
Transfer of reserves on options exercised	-	146,493	(146,493)	-	-	-
Share-based payment expense	-	-	211,965	-	-	211,965
Currency translation adjustment	-	-	-	4,884	-	4,884
Net loss for the period	-	-	-	-	(1,254,669)	(1,254,669)
Balance, December 31, 2016	**54,470,811**	**3,884,471**	**1,047,876**	**99,301**	**(4,854,619)**	**177,029**
Shares issued pursuant to private placements	3,500,000	700,000	-	-	-	700,000
Share issue costs	-	(9,239)	-	-	-	(9,239)
Share purchase warrants exercised	2,324,167	813,458	-	-	-	813,458
Stock options exercised	283,333	70,833	-	-	-	70,833
Transfer of reserves on options exercised	-	45,730	(45,730)	-	-	-
Share-based payment expense	-	-	720,309	-	-	720,309
Currency translation adjustment	-	-	-	(86,963)	-	(86,963)
Net loss for the period	-	-	-	-	(2,822,769)	(2,822,769)
Balance, September 30, 2017	**60,578,311**	**5,505,253**	**1,722,455**	**12,338**	**(7,677,388)**	**(437,342)**

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

YDREAMS GLOBAL INTERACTIVE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30,2017
(Unaudited - Expressed in Canadian dollars)

		Nine months ended September 30, 2017		Nine months ended September 30, 2016
Cash (used in) provided by:				
OPERATING ACTIVITIES				
Net loss for the period	$	(2,822,769)	$	(2,513,408)
Items not involving cash:				
Share-based payments		720,309		139,037
Depreciation		77,644		69,490
Accounting gain on marketable securities		(10,500)		
Accrued interest on loans and financing		45,176		416,349
Gain on write-off of accounts payable		-		(328,930)
Listing expense		-		2,121,712
Finance fees		-		411,442
Provision for Income and Social Contribution taxes		-		(17,248)
		(1,990,140)		298,444
Net changes in non-cash working capital items:				
Trade accounts receivables and prepaid		164,694		(134,116)
Recoverable taxes		(59,980)		(112,302)
Other receivables		-		(1,558)
Accounts payable and accrued liabilities		(110,265)		(543,846)
Salaries and social charges payable		27,380		38,141
Taxes and contributions payable		(132,156)		516,948
Advances from clients		753		52,696
Other payables		(812)		(40,719)
Net cash (used in) provided by operating activities		(2,100,526)		73,688
INVESTING ACTIVITIES:				
Equipment purchases		(143,147)		(33,460)
Marketable securities		34,500		(30,000)
Net cash used in investing activities		(108,647)		(63,460)
FINANCING ACTIVITIES:				
Proceeds from issuance of share capital		1,584,291		1,800,000
Share issuance costs		(9,239)		(70,731)
Proceeds from loans		370,886		55,000
Loans and interest repayment		(84,615)		(886,904)
Net cash provided by financing activities		1,861,323		897,365
Effect of exchange rate changes on cash		(96,955)		(152,033)
Change in cash and cash equivalents, during the period		(444,805)		755,560
Cash and cash equivalents, beginning of the period		837,044		6,067
Cash and cash equivalents, end of the period	$	392,239	$	761,627

Supplementary cash flow information and non-cash transactions (Note 18)

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Ydreams Global Interactive Technologies Inc. (the "Company") was incorporated in the province of British Columbia on April 16, 2007, under the Business Corporations Act of British Columbia.

On July 15, 2016, the Company completed a Reverse Takeover ("RTO"; as defined in Policy 5.2 – *Changes of Business and Reverse Takeovers* of the Corporate Finance Manual of the TSX Venture Exchange (the "Exchange")) through the acquisition of all but two of the outstanding equity securities (the "Acquisition") of YDreams Brasil – Serviços e Soluções Interativas LTDA ("YDBR"), a private company incorporated under the laws of the Federative Republic of Brazil. YDBR was considered to be the acquirer for accounting purposes. YDBR's assets, liabilities and operations since incorporation are included in these condensed consolidated interim financial statements at their historical carrying values. The Company's results of operations have been included from the date of the RTO. These condensed consolidated interim financial statements are a continuation of those of YDBR, which was incorporated on February 7, 2007.

Following receipt of final Exchange approval on July 21, 2016, the Company was listed as a Tier 2 Technology Issuer on the Exchange under the symbol "YD".

YDBR is a technology and design agency located in Brazil, focusing on innovation that acts as both a strategic and execution partner to companies and brands conducting their business in the new post-digital reality.

The Company's Canadian head office and principal business address is located at 1470 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6, and registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

The accompanying condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. For the nine months ended September 30, 2017, the Company incurred a loss of $2,822,769 (nine months ended September 30, 2016: $2,513,408). At September 30, 2017, the Company had an accumulated deficit of $7,677,388 (December 31, 2016: $4,854,619) and a working capital of $58,393 (December 31, 2016: $656,791). These factors raise doubt about the Company's ability to continue as a going concern, which is dependent upon its ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. These condensed consolidated interim financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the fiscal year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed consolidated interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on November 29, 2017.

2. BASIS OF PRESENTATION (continued)

b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

c) Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, YDreams Brasil – Serviços e Soluções Interativas LTDA ("YDBR" (collectively referred to as the "Group"). Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. Inter-company balances and transactions are eliminated on consolidation.

d) Significant accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting 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:

Critical accounting estimates

i. The inputs used in valuing share-based payments;

ii. Recoverability of accounts receivable; and

iii. Estimated life of equipment.

Critical accounting judgments

i. The determination of categories of financial assets and financial liabilities; and

ii. The determination of the functional currency of each entity within the Company.

2. BASIS OF PRESENTATION (continued)

e) Foreign currency translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company is the Canadian dollar. The functional currency of YDBR, is the Brazillian Real (“R$”). The presentation currency of the consolidated entity is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at exchange rates prevailing at the dates of the transactions, all resulting exchange differences are recognized in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

With the exception of the recently adopted accounting policies (note 4), these interim condensed consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s audited annual financial statement for the fiscal year ended December 31, 2016.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and is currently evaluating the impact, if any, that the following new standards might have on its condensed consolidated interim financial statements.

Changes in significant accounting policies and adoption of new accounting standards

The following new accounting policies were adopted during the nine months ended September 30, 2017:

- *Disclosure Initiative* (Amendments to IAS 7 *Statement of Cash Flows*) The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. This amendment was applied prospectively. The Company notes that there were no changes in liabilities arising from financing activities and as such, no reconciliation has been disclosed.

- *Recognition of Deferred Tax Assets for Unrealized Losses* (Amendments to IAS 12 *Income Taxes*) The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. This amendment was applied retrospectively. The Company notes that there are no such debt instruments that would result in the recognition of a deferred tax asset and as such, there are no changes to previously disclosed income taxes from the Company’s audited consolidated financial statements as at December 31, 2016.

(Unaudited - Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Accounting standards anticipated to be effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2018, or later periods. Some updates which are not applicable or are not consequential to the Company may have been excluded from the list below.

Financial instruments
IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's condensed consolidated interim financial statements . Effective January 1, 2018.

Revenue Recognition
IFRS 15 - Revenue from Contracts and Customers ("IFRS 15"), was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual years beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its condensed consolidated interim financial statements.

IFRS 16 Leases
IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's condensed consolidated interim financial statements. Effective January 1, 2019.

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies and include the following components:

	September 30, 2017	December 31, 2016
Cash at bank and in hand – Canadian dollars	$ 43,020	$ 185,638
Cash at bank and in hand – Brazilian Real	80,192	29,406
Short-term deposits – Canadian dollars	210,000	622,000
Short-term deposits – Brazilian Real	59,027	-
	$ 392,239	$ 837,044

(Unaudited - Expressed in Canadian dollars)

6. MARKETABLE SECURITIES

	Common shares	Market value	Costs
Balance, December 31, 2015	-	$ -	$ -
Addition	600,000	36,000	36,000
Unrealized loss	-	(12,000)	-
Balance, December 31, 2016	600,000	24,000	36,000
Sale	(600,000)	(34,500)	(36,000)
Realized gain on sale	-	10,500	-
Balance, September 30, 2017	-	$ -	$ -

The Company held equity securities in a publically traded company (the "Shares"). During the nine months ended September 30, 2017, the Company sold the above 600,000 Shares for gross proceeds of $34,500 and accordingly recorded a realized gain in the amount of $10,500 (nine months ended September 30, 2016: Nil) which is included in profit or loss.

7. TRADE ACCOUNTS RECEIVABLES AND PREPAIDS

The Company’s trade accounts receivables and prepaids are comprised of goods and services tax (“GST”) receivable due from Canadian government taxation authorities, fees prepaid to vendors, and trade accounts receivables due from YDBR's customers.

	September 30, 2017	December 31, 2016
GST recoverable	$ 4,624	$ 15,458
Prepaids	109,666	27,812
Trade accounts receivables	195,404	431,118
	$ 309,694	$ 474,388

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company’s receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

8. RECOVERABLE TAXES

Recoverable taxes relate to various taxes in Brazil that will be recovered by YDBR.

	September 30, 2017	December 31, 2016
Social contribution tax	$ 13,820	$ 113,988
Withholding income tax on revenue earned	20,868	161,841
Estimated IRPJ (Corporate Income Tax)	189,068	79,705
Others	278,242	86,484
	$ 501,998	$ 442,018

(Unaudited - Expressed in Canadian dollars)

9. EQUIPMENT

	Computer and office equipment
Cost, December 31, 2015	$ 682,874
Additions	33,460
Cost, December 31, 2016	716,334
Additions	143,147
Cost, September 30, 2017	859,508
Accumulated depreciation, December 31, 2015	360,865
Depreciation for the year	95,436
Accumulated depreciation, December 31, 2016	456,301
Depreciation for the period	77,644
Accumulated depreciation, September 30, 2017	$ 533,945
Net book value, December 31, 2016	$ 260,033
Net book value, June 30, 2017	$ 325,536

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	December 31, 2016
Trade accounts payable and accrued liabilities	$ 113,276	$ 217,249
Due to related parties – (Note 15)	441	6,733
	$ 113,717	$ 223,982

(Unaudited - Expressed in Canadian dollars)

11. LOANS AND FINANCING

Loans and financing for the nine months ended September 30, 2017, consists of the following:

a) YDBR borrowed a working capital loan from Banco Bradesco S.A. ("Bradesco"), a commercial bank in Brazil, bearing monthly interest of 1.33% and final maturity in January 2017. The Company fully repaid this loan during the nine months ended September 30, 2017. In October 2016, YDBR borrowed a new loan of $136,125 from Bradesco, bearing monthly interest of 3.56% and final maturity in January 2019. YDBR also has a Guaranteed Account with Bradesco, bearing monthly interest of 6.92%. As at September 30, 2017, $321,831 (December 31, 2016: $196,774) of principal and $29,033 (December 31, 2016: $24,119) of interest was outstanding relating to the Bradesco loans.

b) YDBR borrowed a working capital loan from Banco Itau S.A. ("Itau"), a commercial bank in Brazil, bearing monthly interest of 2.44% and final maturity in July 2016, of which principal was fully repaid in 2016. YDBR has a Guaranteed Account with Itau, bearing monthly interest of 1.5%. As at September 30, 2017, $149,118 (December 31, 2016: $Nil) of principal and $5,221 (December 31, 2016: $588) of interest was outstanding relating to the Itau loans.

c) YDBR has a Guaranteed Account from Banco Santander ("Santander"), a commercial bank in Brazil, bearing monthly interest of 12.99%. As at September 30, 2017, $37,733 (December 31, 2016: $Nil) of principal and $nil (December 31, 2016: $588) of interest was outstanding relating to the Santander Gaurantee.

The following table summarizes information about the loans and financing outstanding at each reporting period:

	September 30, 2017	December 31, 2016
Banco Bradesco S.A.	$ 350,864	$ 220,893
Banco Itau S.A.	154,339	588
Banco Santander	37,733	
	$ 542,936	$ 221,481
Current	$ 423,746	$ 136,549
Noncurrent	$ 119,190	$ 84,932

12. SALARIES AND SOCIAL CHARGES PAYABLE

	September 30, 2017	December 31, 2016
Salaries payable, provision for vacation pay and charges	$ 223,391	$ 169,262
Social Security Tax (INSS) payable	67,719	16,762
Severance Pay Fund (FGTS) payable	9,574	53,340
Income tax on salary	256,449	44,079
Others	13,437	259,747
	$ 570,570	$ 543,190
Current	396,112	344,560
Non-current	174,458	198,630
	$ 570,570	$ 543,190

(Unaudited - Expressed in Canadian dollars)

12. SALARIES AND SOCIAL CHARGES PAYABLE (continued)

	September 30, 2017	December 31, 2016
CIDE (Economic Intervention Contribution) payable	$ -	$ 109,927
PIS / COFINS / CSLL payable	13,560	3,441
ISS (Tax on services) payable	233,647	19,474
COFINS on shipment payable	-	94,312
Others	452,462	604,671
	$ 699,669	$ 831,825
Current	172,046	375,592
Non-current	527,623	456,233
	$ 699,669	$ 831,825

13. SHARE CAPITAL

(a) Authorized – Unlimited common shares without par value

Issued and outstanding as at September 30, 2017 – 60,078,311 common shares (December 31, 2016: 54,470,811)

(b) Issued and outstanding

Share capital activity for the nine months ended September 30, 2017 is described as follows:

(i) On January 5, 2017, the Company closed a non-brokered private placement consisting of 3,000,000 units at $0.20 per unit for gross proceeds of $600,000. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.25 per share until January 5, 2019. In connection with the financing, the Company incurred legal and filing fees totalling $4,907.

(ii) On July 11, 2017, the Company closed a non-brokered private placement consisting of 500,000 units at $0.20 per unit for gross proceeds of $100,000. Each unit consisted of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.25 per share until July 11, 2022. In connection with the financing, the Company incurred legal and filing fees totalling $4,332.

(iii) During the period from January 1, 2017 to September 30, 2017, the Company issued:
- 2,324,167 common shares pursuant to the exercise of warrants at $0.35 per share;

(iv) During the period from January 1, 2017 to September 30, 2017, the Company issued:
- 283,333 common shares pursuant to the exercise of stock options at $0.25 per share;

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

(c) Warrants

The following summarizes the share purchase warrants that were issued from December 31, 2015 to September 30, 2017:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2015	-	-
Replacement warrants - RTO	1,991,502	$1.35
Issued	22,649,942	$0.35
Balance, December 31, 2016	24,641,444	$0.43
Issued	3,500,000	$0.25
Expired	253,663	$0.15
Exercised	(2,324,167)	$0.35
Balance, September 30, 2017	25,563,614	$0.41

At September 30, 2017, the Company had 25,563,614 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share of the Company at the exercise price per common share with the following expiry dates:

Expiry Date	Exercise Price	Number	
May 6, 2018	$6.00	215,000	
July 15, 2018	$0.35	10,072,112	
July 15, 2018	$0.35	10,000,000	*
September 13, 2018	$3.00	318,169	
January 5, 2019	$0.25	3,000,000	
April 24, 2020	$0.30	1,458,333	
July 11, 2022	$0.25	500,000	
		25,563,614	

* These consideration Warrants are held in escrow until April 21, 2020. The first release from escrow was for 1,000,000 Warrants on April 21, 2017. The remaining Warrants will be released in amounts of 1,500,000 Warrants every six months thereafter. The holders of these Warrants may exercise the Warrants any time before expiry; however, once exercised, they must then be deposited back into escrow as common shares and released in accordance with the above schedule.

(d) Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the Exchange).

Options may be granted for a maximum term of five years from the date of grant and vest as determined by the board of directors.

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

(d) Options (continued)

The following is a summary of changes in stock options from December 31, 2015 to September 30, 2017:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	-	-
Replacement options - RTO	99,967	$3.26
Granted	3,400,000	$0.35
Exercised	(1,316,667)	$0.20
Expired	(4,300)	$9.00
Forfeited	(1,666)	$3.00
Balance, December 31, 2016	2,177,334	$0.55
Granted	2,300,000	$0.41
Cancelled	(102,500)	$0.47
Expired	(300,000)	$0.49
Exercised	(283,333)	$0.25
Balance outstanding, September 30, 2017	3,791,501	$0.49
Balance exercisable, September 30, 2017	2,491,501	$0.51

During the nine months ended September 30, 2017, the Company granted 2,300,000 stock options with an exercise price of $0.41 per share and expiry dates ranging from January 10, 2019 to April 26, 2022. These stock options were vested immediately. The weighted average fair value of the options issued in the nine months ended September 30, 2017 was estimated at $0.23 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Weighted average expected dividend yield	0.0%	N/A
Weighted average expected volatility	126.69%	N/A
Weighted average risk-free interest rate	0.81%	N/A
Weighted average expected term	2.52 years	N/A

Total share-based payment expense recorded during the nine months ended September 30, 2017 was $720,309 (nine months ended September 30, 2016 - $139,037).

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

(d) Options (continued)

The following table summarizes information about the options outstanding as at September 30, 2017:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
91,501	October 3, 2018	1.01	$3.00	91,501	$3.00
1,800,000	January 10, 2019	1.28	$0.41	1,800,000	$0.41
1,000,000	August 4, 2021	3.85	$0.49	200,000	$0.49
500,000	October 27, 2021	4.08	$0.40	-	$0.40
200,000	March 24, 2022	4.48	$0.41	200,000	$0.41
200,000	April 26, 2022	4.57	$0.41	200,000	$0.41
3,791,501		2.66	$0.49	2,491,501	$0.51

The following table summarizes information about the options outstanding as at December 31, 2016:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
300,000	August 4, 2017	0.59	$0.49	300,000	$0.49
94,001	October 3, 2018	1.76	$3.00	94,001	$3.00
283,333	December 20, 2018	1.97	$0.25	283,333	$0.25
1,000,000	August 4, 2021	4.59	$0.49	-	$0.49
500,000	October 27, 2021	4.82	$0.40	-	$0.40
2,177,334		3.63	$0.55	677,334	$0.74

(e) Escrow shares

3,211,111 shares were released from escrow on April 21, 2017. The remaining shares will be released in amounts of 4,816,666 shares every six months thereafter. As at September 30, 2017, 28,899,999 (December 31, 2016: 32,111,110) common shares were held in escrow.

(Unaudited - Expressed in Canadian dollars)

14. NET SALES REVENUE

The following table summarizes information about net sales revenue for the reporting period:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenues from services	$ 1,443,385	$ 4,361,803
Less: Taxes on sales		
ISS on sales	(71,978)	(212,186)
PIS and COFINS on revenue earned	(52,771)	(160,221)
	(124,749)	(372,407)
	$ 1,318,636	$ 3,989,396

For the nine months ended September 30, 2017 and 2016, customers accounting for more than 10% of net revenue are listed as below:

	2017	2016
Banco Bradesco S.A.	35%	15%
Fundacao Pio XII	21%	-
Cisco	-	23%
IDACO	-	35%
All other customers	44%	27%

(Unaudited - Expressed in Canadian dollars)

15. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of Key Management Personnel

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

Period ended	September 30, 2017	September 30, 2016
Management fees	$ 259,036	$ 3,600
Personnel expense	-	192,479
Professional fees	14,535	8,750
Other	14,535	-
Share-based compensation*	287,214	-
Total	$ 577,843	$ 204,829

* Share-based payments are the fair value of stock options granted to key management personnel as at the grant date.

Included in accounts payable and accrued liabilities is $11,075 (2016 - $6,733) owing to directors and companies controlled by directors and officers of the Company for accrued and unpaid management fees and expense reimbursements. These amounts are unsecured, non-interest bearing and due on demand.

Transactions are measured at the exchange amount which is the amount agreed to by the parties.

16. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at September 30, 2017, the Company does not have any externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares, or dispose of assets.

(Unaudited - Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS

Fair value

As at September 30, 2017, the Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities, loans and financing and other payables. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities recorded at fair value as of September 30, 2017 and 2016 were calculated as follows:

	September 30, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
FVTPL:				
Marketable securities	$ -	$ -	$ 24,000	$ 24,000
Loans and receivables:				
Cash and cash equivalents	392,239	392,239	837,044	837,044
Trade accounts receivable	170,152	170,152	446,576	446,576
Total financial assets	$ 562,391	$ 562,391	$ 1,307,620	$ 1,307,620
Financial liabilities				
At amortized cost:				
Accounts payable and accrued liabilities	$ 113,717	$ 113,717	$ 223,982	$ 223,982
Loans and financing	542,936	542,936	221,481	221,481
Other payables	9,164	9,164	9,976	9,976
Total financial liabilities	$ 665,817	$ 665,817	$ 455,439	$ 455,439

(Unaudited - Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS (continued)

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The functional currency of the Company is CAD and the functional currency of YDBR is the R$, respectively. The reporting currency is CAD.

As at September 30, 2017, the Company and YDBR are exposed to currency risks arising from fluctuations in foreign exchange rates between CAD and R$ the degree of volatility of these rates. The Company raises funds from equity financings primarily in CAD. The Company and YDBR do not use derivative instruments to reduce their exposure to foreign exchange and currency risks. The Company and YDBR's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

The foreign exchange risk exposure of the Company and YDBR's financial instruments as at September 30, 2017 is as below:

Financial instrument type	CAD	Currency	+/- 10% fluctuation Increase / (decrease)	
Cash and cash equivalents	353,444	R$	13,922	(13,922)
Trade accounts receivable	496,084	R$	19,540	(19,540)
Recoverable taxes	1,274,453	R$	50,200	(50,200)
Loans and financing	(1,378,383)	R$	(54,294)	54,294
Accounts payable and accrued liabilities	(107,811)	R$	(4,247)	4,247
Salaries and social charges payable	(1,448,541)	R$	(57,057)	57,057
Taxes and contributions payable	(1,776,291)	R$	(69,967)	69,967
Other payables	(23,264)	R$	(916)	916
Total	$(2,610,309)		$(102,818)	$ 102,818

The foreign exchange risk exposure of the Company and YDBR's financial instruments as at December 31, 2016 is as below:

Financial instrument type	CAD	Currency	+/- 10% fluctuation Increase / (decrease)	
Cash and cash equivalents	29,406	R$	2,941	(2,941)
Trade accounts receivable	431,118	R$	43,112	(43,112)
Recoverable taxes	442,018	R$	44,202	(44,202)
Loans and financing	(221,481)	R$	(22,148)	22,148
Accounts payable and accrued liabilities	(77,794)	R$	(7,779)	7,779
Salaries and social charges payable	(543,190)	R$	(54,319)	54,319
Taxes and contributions payable	(831,825)	R$	(83,182)	83,182
Other payables	(9,976)	R$	(998)	998
Total	$ (80,816)		$ (78,171)	$ 78,171

(Unaudited - Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and YDBR's receivables (Note 6) are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. YDBR closely monitors its receivables. Below is a table summarizing YDBR's receivables as at September 30, 2017, for its three main customers:

Customer	Receivables
Qualcomm	$ 62,437
Banco Bradesco	48,057
Fundação Pio XII	2,412

The above receivables are current and are not past due. As at September 30, 2017, the Company and YDBR are not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest expense on loans and financing and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at June 30, 2017, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk and interest rate risk.

18. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash Financing and Investing Activities	September 30, 2017	September 30, 2016
	$	$
Shares issued for debt	-	585,000
Fair value of options exercised	45,730	-

There were no cash inflows and outflows for taxes during the three months ended September 30, 2017 and 2016.

19. SUBSEQUENT EVENTS

On Nov 8, 2017, Company has entered into a loan facility agreement for up to $1,000,000 from four arm's length lenders. Subject to TSX Venture Exchange acceptance, a bonus equal to 20% of the loan and interest at a rate of 12% per annum will be payable. The bonus will be paid in common shares at a price of $0.15 per share. The Company will draw down on the funds as it requires and at its sole discretion. The loans will have a two year term from the date they are drawn down. The shares will be subject to a four-month plus one day hold period from the date of issue. A total of $100,000 has been borrowed against the loan facility agreement.

On November 28, 2017, the Company granted 2,112,500 stock options to consultants at an exercise price of $0.14 for a one year term. These options vest on grant date.