NOVATEQNI CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2018
(In United States dollars)
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements for Novateqni Corporation have been prepared by management in accordance with International Financial Reporting Standards. These financial statements, which are the responsibility of management are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors has reviewed and approved these interim financial statements.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators.

NOVATEQNI CORPORATION

(in United States Dollars)
(Unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		January 31, 2018		October 31, 2017
Assets				
Current assets				
Cash	$	130,685	$	73,812
Trade receivables (note 8)		12,527		9,940
GST recoverable and other receivables		6,175		4,967
Prepaid expenses		12,286		12,250
Inventory and work in progress (note 3)		13,964		11,631
Income taxes receivable		2,125		1,134
		177,762		113,734
Property. plant and equipment, net (note 4)		2,240		4,622
Total Assets	$	180,002	$	118,356
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	$	349,196	$	301,502
Short term loans (note 14, 15)		250,000		-
Customer deposits		69,447		69,072
Due to a director (note 9)		-		286,732
		668,643		657,306
Shareholders' Deficit				
Share capital (note 5)		2,161,344		1,865,518
Accumulated other comprehensive loss		7,561		(19,394)
Contributed surplus		653,431		653,431
(Deficit) retained earnings		(3,310,977)		(3,038,505)
		(488,641)		(538,950)
Total Liabilities and Shareholders' Equity	$	180,002	$	118,356

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

Commitments and Contingencies (Note 11)
Subsequent Events (Note 14)

Approved by the Board of Directors

Signed "Gerhard Mynhardt":
Director

Signed "Larry Youell"
Director

NovaTeqni Corporation
(in United States Dollars)
(Unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Period ended January 31, 2018	Period ended January 31, 2017
Sales	$ -	$ 185,862
Cost of sales	-	(114,217)
	-	71,645
Expenses		
Professional fees	13,038	9,548
Compensation expense	-	579
Depreciation	2,382	5,902
Management and consulting fees (note 9)	94,214	99,742
Marketing	-	113
Listing and filing fees	6,538	2,699
Research and development	14,961	21,999
Travel	5,478	692
Office and general	50,081	27,876
Salaries and wages	85,780	77,714
	272,472	246,864
(Loss) Income before other income	(272,472)	(175,219)
Other income – interest	-	7,224
(Loss) income before income taxes	(272,472)	(167,995)
Income tax expense	-	-
Net (loss) income to the common shareholders	(272,472)	(167,995)
Other comprehensive (loss) income		
Items that may be reclassified subsequently to profit or loss		
Unrealized foreign exchange loss on translation of Novateqni Corporation and Novateqni South Africa	26,955	(376)
Total comprehensive (loss) income	$ (245,517)	$ (168,371)
Weighted average number of common shares outstanding – basic and diluted (note 6)	33,614,721	32,236,815
Basic and fully diluted (loss) earnings per share (note 6)	$ (0.01)	$ (0.01)

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

NovaTeqni Corporation
(in United States Dollars)
(Unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Three Month Period Ended January 31, 2018

	Shares #	Warrants #	Share Capital $	Warrants $	Accumulated Other Comprehensive Loss $	Retained Earnings/ (Deficit) $	Contributed Surplus $	Total
Balance , October 31, 2017	32,236,815	-	$1,865,518	$ -	$ (19,394)	$(3,038,505)	$ 653,431	$ (538,950)
Foreign exchange	-	-	-	-	26,955	-	-	26,955
Issuance of shares for debt	2,535,347	-	295,826	-	-	-	-	295,826
Net loss for the period	-	-	-	-	-	(272,472)	-	(272,472)
Balance, January 31, 2018	34,772,162	-	$2,161,344	$ -	$ 7,561	$(3,310,977)	$ 653,431	$ (488,641)

For The Three Month Period Ended January 31, 2017

	Shares #	Warrants #	Share Capital $	Warrants $	Accumulated Other Comprehensive Loss $	Retained Earnings/ (Deficit) $	Contributed Surplus $	Total
Balance , October 31, 2016	32,236,815	454,747	$1,865,518	$ 36,640	$ (17,073)	$(2,044,508)	$ 460,900	$ 301,477
Foreign exchange	-	-	-	-	(376)	-	-	(376)
Issuance of stock options	-	-	-	-	-	-	579	579
Net loss for the period	-	-	-	-	-	(167,995)	-	(167,995)
Balance, January 31, 2017	32,236,815	454,747	$1,865,518	$ 36,640	$ (17,449)	$(2,212,503)	$ 461,479	$ 133,685

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

NovaTeqni Corporation
(in United States Dollars)
(Unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three month period ended January 31, 2018	Three month period ended January 31, 2017
Cash flow from operating activities		
Net (loss)/income	$ (272,472)	$ (167,995)
Compensation expense	-	579
Depreciation	2,382	5,881
Changes in non-cash working capital:		
Trade and GST receivable	(4,570)	(28,512)
Due to/from NovaMeric (Proprietary) Ltd.	-	(4,401)
Due from a director	(302,340)	(19,937)
Inventory	(3,382)	7,130
Prepaids	(1,107)	22,415
Customer deposits	2,166	252,237
Accounts payable and accrued liabilities	59,196	(83,010)
Taxes payable	(6,818)	(3,655)
	(526,945)	(19,268)
Cash flow from investing activities		
Prepayment on equipment	-	-
Property, plant and equipment	-	-
Development costs	-	-
	-	-
Cash flow from financing activities		
Short term loan	250,000	9,010
Shares issued for debt, net	295,826	-
	524,826	9,010
Increase in cash and cash equivalents	18,881	(10,258)
Effect of foreign exchange on cash	37,992	365
Cash and cash equivalents, beginning of year	73,812	23,252
Cash and cash equivalents, end of period	$ 130,685	$ 13,359

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

Cash and cash equivalents are made up of:		
Cash	$ 130,685	$ 13,359
	$ 13,359	$ 13,359

1. NATURE OF BUSINESS AND QUALIFYING TRANSACTION

Nature of Business

Novateqni Corporation (the "Company" or "Novateqni") carries on business in the development and sales of technology based solutions and related hardware. The Company was incorporated under the Business Corporations Act (Alberta) on July 31, 2012. Effective March 27, 2015, the Company's name was changed from Hombre Capital Inc ("Hombre") to Novateqni Corporation. NovaMeric South Africa is the ultimate parent of Novateqni Corporation.

Novateqni is a publicly traded company with registered office at: 1250, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9. The Company's common shares are listed on the TSX Venture Exchange ("TSXV" or the "Exchange") under the symbol NTQ.

The condensed consolidated financial statements were approved by the Board of Directors on April 2, 2018.

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements for the quarter ended January 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretation Committee ("IFRIC") in effect at the closing date of January 31, 2018. These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as were used for the Company's Annual Financial Statements for the years ended October 31, 2017 and October 31, 2016. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements dated October 31, 2017.

Basis of measurement

These condensed consolidated interim financial statements were prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

Going concern

The establishment of new markets for technology companies and the winning of tenders involves significant financial risks. The success of the Company is dependent upon the winning of tenders and its ability to establish new markets for its products and to bring such products into profitable production. The Company is subject to a number of risks, including contractual risks, obsolescence risks, competition risks, legal risks and political risks, and other factors beyond the Company's control. The Company has not yet generated enough revenue to date to sustain all operations. The Company incurred a net loss of $272,472 during the quarter ended January 31, 2018 and has an accumulated deficit of $3,310,977. As of January 31, 2018, the Company has cash resources of $130,685 which is considered insufficient to meet its obligations for at least twelve months from the end of the reporting period.

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

Management considers that the current economic environment is difficult and the outlook for companies bringing new unproven products to market presents significant challenges in terms of raising funds through the issuance of shares or issuing of debt. To the extent necessary, the Company has relied on its ability to raise funds via equity issuances in order to finance its operations. The Company has been successful in raising funds in previous years and plans to continue to complete equity or debt issuances in the upcoming year. However, there can be no assurance the Company will continue to be able to raise funds under suitable terms. In addition, management has instituted measures to preserve cash through significantly decreasing its corporate costs. Subsequent to quarter end, the due from director was settled and the director also advanced additional funds to the Company to meet their current cash requirements.

Management has concluded that the combination of these circumstances casts substantial doubt on the ability of the Company to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Functional and presentation currency

The presentation currency of Novateqni Corporation is United States dollars (“US dollars” or “US”).

The functional currency of Novateqni Hong Kong Ltd. and Novateqni USA is US dollars. The functional currency of Novateqni Corporation is Canadian dollars (“CDN dollars”). The functional currency of Novateqni South Africa is South African Rand.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Novateqni Hong Kong Limited, a company registered in Hong Kong; Novateqni USA, a company registered in the USA; and Novateqni South Africa, a company registered in South Africa. The subsidiaries are fully consolidated from the date of acquisition or formation, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. The Company has consolidated the assets, liabilities, revenues and expenses of its subsidiaries after the elimination of inter-company transactions and balances.

Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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.

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are discussed below:

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

The Company makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The Company measures the cost of non-cash stock based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for non-cash stock based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The Company measures the cost of non-cash stock based compensation transactions with consultants by reference to the fair value of the services to be performed.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Future Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, but which may affect the consolidated financial statements are listed below.

IFRS 9, Financial Instruments ("IFRS 9"). The IASB has deferred the mandatory effective date for IFRS 9 to annual periods beginning on or after January 1, 2018. Earlier application is permitted. If an entity applies this IFRS in its financial statements for a period beginning before January 1, 2018, it shall disclose that fact and at the same time apply the consequential amendments to other IFRSs. An entity that did not already apply IFRS 9 as issued in 2009 must apply IFRS 9 as issued in 2010 in its entirety if electing early application. If an entity has already early applied IFRS 9 as issued in 2009, prior to the amendments issued in 2010, the entity may elect to continue to apply IFRS 9 as issued in 2009.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). In May 2014, the IASB issued a new standard on the recognition of revenue from contracts with customers. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue.

IFRS 16 replaces IAS 17, Leases; and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted.

(Expressed in United States Dollars)

Future Accounting Pronouncements (continued from previous page)

IFRIC 22 Foreign Currency Transactions and Advance Consideration issued by the IASB in December 2016, provides guidance on the issue of the "date of the transaction" for the purpose of determining the exchange rate at the time of the transaction, to apply to transactions that are within the scope of IAS 21, Effects of Changes in Foreign Exchange Rates, which involve the receipt or payment of an advance consideration in a foreign currency. The interpretation applies for annual reporting periods beginning on or after January 1, 2018.

IFRIC 23 Uncertainty over income tax treatments issued by the IASB in June 2017, provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019.

The Company has not yet determined the impact on its consolidated financial statements from the adoption of these future accounting pronouncements.

3. INVENTORY

Inventory consist of the following components as at January 31, 2018 and October 31, 2017

	January 31, 2018	October 31, 2017
Spare Parts	$ -	$ -
Finished Goods	-	-
Work in Progress	13,964	11,631
	$ 13,645	$ 11,631

4. PROPERTY AND EQUIPMENT AND DEVELOPMENT COSTS

Cost	Property and Equipment	Development Costs
Balance, October 31, 2017	$ 108,618	$ 22,863
Additions	-	-
Balance, January 31, 2018	$ 108,618	$ 22,863
Accumulated Depreciation		
Balance October 31, 2017	$ (103,996)	$ (22,863)
Depreciation	(2,382)	-
Balance, January 31, 2017	$ (106,378)	$ (22,863)
Carrying Value, January 31, 2018	$ 2,240	$ -
Carrying Value October 31, 2017	$ 4,622	$ -

(Expressed in United States Dollars)

5. SHARE CAPITAL

(a) Capital

Authorized: unlimited Class A common shares

	Number	Amount
Balance, October 31, 2017	32,236,815	$ 1,865,518
Issued shares for debt	2,535,347	295,826
	34,772,162	$ 2,161,344

During the quarter, the Chief Executive Officer received 2,535,347 shares in settlement of $295,826 (CDN$380,302) loans to the Company.

(b) Stock option plan

The Company adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase Class A Common Shares, provided that the number of Class A Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Class A Common Shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. During the quarter ended of January 31, 2018 no stock options were issued.

A summary of the Company's stock option activity is as follows:

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Outstanding, October 31, 2017 and January 31, 2018	2,700,000	$ 0.31

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

	Stock Options Outstanding			Stock Options Exercisable	
Exercise Price (CDN)	Number Outstanding	Weighted Average Exercise Price (CDN)	Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price (CDN)
$0.37	1,375,000	$0.37	1.78	1,375,000	$0.37
$0.25	1,325,000	0.25	4.06	1,325,000	0.25
Total	1,875,000	$0.31	2.90	1,875,000	$0.31

(Expressed in United States Dollars)

5. SHARE CAPITAL (continued from previous page)

The fair value of the stock option issued in 2015 to Directors, Officers and employees was determined using the Black-Scholes model based on the following assumptions:

	1,875,000 Options
Risk free interest rate	1.5%
Dividend yield	Nil
Forfeiture rate	0%
Expected stock volatility	94.00%
Weighted-average expected life (years)	5.0

During the quarter ended January 31, 2017, a total of $579 was recognized as compensation expense for the 775,000 stock options issued with vesting provisions to various employees during the year ended October 31, 2015, with the corresponding increase in contributed surplus.

6. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the quarter ended January 31, 2018 was based on the loss attributable to common shareholders of $272,472 (2017 Loss - $167,995) and the weighted average number of common shares outstanding of 33,614,721 (2017 – 32,236,815). Diluted earnings (loss) per share did not include the effect of Nil warrants (2017 – 454,747) and 2,700,000 options (2017 – 1,875,000) as they are anti-dilutive.

7. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on its financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited the cash with reputable Canadian and Hong Kong financial institutions, from which management believes the risk of loss is minimized. The Company is subject to concentration of credit risk as 88% (October 31, 2017 – 100%) of trade receivables is from one party. The Company continuously evaluates that financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss.

Liquidity Risk

Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at January 31, 2018, the Company has current assets of $177,762 (October 31, 2017 - $113,734) to settle current financial liabilities of $668,643 (October 31, 2017 - $657,306). Accounts payable and accrued liabilities generally have contractual maturities of 30 days and they are all current.

Interest Rate Risk

The Company's current policy is to invest excess cash in short term guaranteed investment certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

7. FINANCIAL RISK FACTORS (continued from previous page)

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at January 31, 2018, the Company had $146,054 in current assets (October 31, 2017 – $31,515) and $559,585 in current liabilities (October 31, 2017 - $562,748) denominated in Canadian dollars. A 10% change in exchange rates would cause an increase/decrease of approximately $24,000 to comprehensive income (loss). As at January 31, 2017, the Company had R457,050 (October 31, 2017 – R524,624) in current assets and R811,935 (October 31, 2017 – R844,073) in current liabilities denominated in South African Rand. A 10% change in exchange rates would cause an increase/decrease of approximately $7,500 to comprehensive loss.

8. TRADE RECEIVABLES

Trade receivables are unsecured and non-interest bearing and are on terms subject to the specific contract entered into with the customer.

The aging of the trade receivables were as follows as at January 31, 2018 and October 31, 2017:

	January 31, 2018	October 31, 2017
1-30 days	$ -	$ -
30-60 days	1,537	-
61-90 days	-	-
Greater than 90 days	10,990	9,940
Allowance for doubtful accounts	-	-
	$ 12,527	$ 9,940

In determining the recoverable amount of a trade receivable, the Company performed a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties. Based on the account balance greater than 90 days, the Company determined that an impairment allowance of $Nil (October 31, 2017 - $Nil) was necessary in respect of certain trade receivables. Bad debt expense of $Nil (January 31, 2017 - $3,300) has been recorded in the consolidated statements of loss and comprehensive loss. All other account received balances that are past due are not impaired.

9. RELATED PARTY TRANSACTIONS

i) The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

	2018	2017
Consulting fees	$ 52,708	$ 71,466

As of January 31, 2018 related party amounts included in accounts payable and accrued liabilities was $48,184. .

ii) During the period ended October 31, 2017, the Chief Executive Officer/Director loaned the Company funds for operations. The loan was non-interest bearing and had no set repayment terms. During the quarter, the amount due to the Chief Executive Officer/Director $295,826 (CDN$380,302) was settled for 2,535,347 shares of the Company.

All related party transactions are recorded at fair value.

(Expressed in United States Dollars)

10. GEOGRAPHICAL SEGMENTED INFORMATION

The Company's primary business is the provision of technology based solution and supply of related electronic hardware. It currently markets its services out of Hong Kong, China. This is currently the Company's only operating segment. Certain sales during the previous year were allocated to Novateqni South Africa as requested by the Company's South African customer. Novateqni South Africa is the research and development center for the Company and does not typically participate in sales transactions.

The tables below present the sales to external customers for the quarter ended January 31, 2018 and January 31, 2017 and the total non-current assets attributable to the Company's geographical segments as at January 31, 2018 and October 31, 2017:

		2018		2017
Sales to external customers:				
Country of domicile				
Malawi	$	-	$	184,278
South Africa		-		1,584
	$	-	$	185,862

		January 31, 2018		October 31, 2017
Total non-current assets:				
Canada	$	-	$	-
China		689		2,537
South Africa		1,551		2,085
`	$	2,240	$	4,622

11. COMMITMENTS AND CONTINGENCIES

The Company is committed to operating lease payments totaling 290,095 South African Rand ($24,409) for its Stellenbosch office. The lease expires March 31, 2019. In addition, the Company is committed to operating lease payments totaling 1,083,163 South Africa Rand ($91,137) for its office in Johannesburg. The lease expires March 31, 2020. The operating lease payments for the next four years are as follows:

2018	$	55,614
2019		48,800
2020		11,131
	$	115,545

12. CAPITAL DISCLOSURES

The Company's capital is composed of cash and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available in order to support the development of its technology based solutions. In order to carry out the expansion of the Company's product lines and pay for administrative costs, the Company may spend its existing working capital and may raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements.

13. ECONOMIC DEPENDENCE

The Company's had no revenue the quarter.

14. During the quarter, the Company issued a promissory note to an unrelated third party for proceeds of US$250,000. The promissory note was interest free and repayable on or before June 30, 2018

15. SUBSEQUENT EVENTS

On February 8, 2018 the Company issued an aggregate of 3,175,294 Units at a price of $0.17 per Unit for gross proceeds of $539,799.98. Each Unit consisted of one common share in the capital of the Company (a "Common Share") and one transferrable common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Common Share at a price of $0.23 per share for a period of 24 months from the date of issuance of the Warrant. In connection with the completion of the first tranche of the private placement of a total of 8,823,530 Units, the Corporation paid cash finder's fees of $28,441 to eligible persons.

On February 15, 2018 the Company repaid the promissory note for US$250,000.