



Pioneering Technology Corp.

Unaudited Condensed Interim Financial Statements

For the three and nine months ended June 30, 2019 and 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Pioneering Technology Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these condensed interim financial statements.

"Kevin Callahan"

"Richard Adair"

Kevin Callahan
CEO

Richard Adair
Chair – Audit Committee

August 29, 2019



Pioneering Technology Corp.

Condensed Interim Statements of Financial Position

As at June 30, 2019

(Unaudited)

Expressed in Canadian Dollars

	Note	June 30, 2019	September 30, 2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash		2,540,331	3,668,360
Trade and other receivable	14	202,756	763,887
Inventories	6	4,411,285	4,191,681
Prepaid expenses and deposits		219,847	385,857
		7,374,219	9,009,785
Property and equipment	9	847,069	921,510
Patents and intangibles	10	70,048	77,322
Deferred tax asset	13	1,200,000	1,200,000
TOTAL ASSETS		9,491,336	11,208,617
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	15	1,006,558	1,031,153
Derivative liability		442	1,057
		1,007,000	1,032,210
Other long-term liabilities	8	347,627	350,810
TOTAL LIABILITIES		1,354,627	1,383,020
SHAREHOLDERS' EQUITY			
Common share capital	11(a)	17,974,857	17,974,857
Preferred shares	11(a)	1	1
Contributed surplus	11(c)	3,342,275	3,683,410
Accumulated other comprehensive loss		(225,642)	(342,594)
Deficit		(12,954,782)	(11,490,077)
TOTAL SHAREHOLDERS' EQUITY		8,136,709	9,825,597
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		9,491,336	11,208,617

Commitments and Contingencies 12

Approved by:

"Kevin Callahan"

"Richard Adair"

Kevin Callahan

Director

Richard Adair

Director

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



Pioneering Technology Corp.

Condensed Interim Statements of Loss and Comprehensive Loss
For three and nine months ended June 30, 2019 and June 30, 2018
(Unaudited)
Expressed in Canadian Dollars

	Note	Nine Months Ended		Three Months Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		\$	\$	\$	\$
REVENUE		3,201,780	3,968,863	1,013,362	844,706
COST OF GOODS SOLD		1,416,567	1,897,414	467,662	416,904
GROSS PROFIT		1,785,213	2,071,449	545,700	427,802
EXPENSES					
Sales and marketing	11(c)	1,302,722	1,804,590	451,443	597,315
Administration	11(c)	1,818,190	1,825,042	728,314	574,440
Warehousing, distribution and warranty costs		235,809	216,774	62,852	77,882
Foreign exchange loss (gain)		105,413	295,985	(34,510)	143,999
Research and development costs	11(c)	148,909	322,994	36,085	124,521
Depreciation of property and equipment	9	110,740	33,933	37,133	23,223
Amortization of patents and intangibles	10	19,741	2,347	6,659	782
TOTAL EXPENSES		3,741,524	4,501,665	1,287,976	1,542,162
LOSS BEFORE OTHER INCOME, INTEREST AND GUARANTEE FEE, FAIR VALUE MOVEMENT - DERIVATIVE LIABILITY AND INCOME TAXES		(1,956,311)	(2,430,216)	(742,276)	(1,114,360)
Other income		-	54,070	-	14,867
Interest and guarantee fee		(18,776)	(17,890)	(6,131)	(6,253)
Fair value movement - derivative liability		615	669,449	1,079	544
LOSS BEFORE INCOME TAXES		(1,974,472)	(1,724,587)	(747,328)	(1,105,202)
Income tax recovery		-	-	-	-
LOSS FOR THE PERIOD		(1,974,472)	(1,724,587)	(747,328)	(1,105,202)
OTHER COMPREHENSIVE INCOME (LOSS)					
Currency translation differences (may be subsequently reclassified to net income)		116,952	421,907	(84,071)	175,588
COMPREHENSIVE LOSS FOR THE PERIOD		(1,857,520)	(1,302,680)	(831,399)	(929,614)
Loss per share - basic		\$ (0.04)	\$ (0.03)	\$ (0.01)	\$ (0.02)
Loss per share - diluted		\$ (0.04)	\$ (0.03)	\$ (0.01)	\$ (0.02)
Comprehensive loss per share - basic		\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Comprehensive loss per share - diluted		\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding					
Outstanding - basic		56,041,746	56,041,746	56,041,746	56,041,746
Outstanding - fully diluted		56,041,746	64,578,562	56,041,746	64,578,562

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

Pioneering Technology Corp.

Condensed Interim Statements of Changes in Equity

For the three and nine months ended June 30, 2019 and June 30, 2018

(Unaudited)

Expressed in Canadian Dollars

	Note	Common shares		Preferred shares		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total Equity \$
		Number	Amount	Number	Amount				
Balance, October 1, 2018		56,041,746	\$ 17,974,857	20,533,133	\$ 1	3,683,410	(342,594)	(11,490,077)	9,825,597
Shares and warrants issued	11	-	-	-	-	-	-	-	-
Warrants and stock options exercised	11	-	-	-	-	-	-	-	-
Share issuance costs and broker warrants		-	-	-	-	-	-	-	-
Stock-based compensation expense	11	-	-	-	-	168,632	-	-	168,632
Stock options forfeited	11	-	-	-	-	(509,767)	-	509,767	-
Comprehensive (loss) income for the year		-	-	-	-	-	116,952	(1,974,472)	(1,857,520)
Balance, June 30, 2019		56,041,746	\$ 17,974,857	20,533,133	\$ 1	\$ 3,342,275	\$ (225,642)	\$ (12,954,782)	\$ 8,136,709

	Note	Common shares		Preferred shares		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total Equity \$
		Number	Amount	Number	Amount				
Balance, October 1, 2017		55,701,746	\$ 17,838,557	20,533,133	\$ 1	2,522,265	(595,357)	(8,184,748)	11,580,718
Shares and warrants issued	11	-	-	-	-	-	-	-	-
Warrants and stock options exercised	11	340,000	122,966	-	-	(65,275)	-	-	57,691
Share issuance costs and broker warrants		-	26,019	-	-	-	-	-	26,019
Stock-based compensation expense	11	-	-	-	-	921,709	-	-	921,709
Stock options forfeited	11	-	-	-	-	-	-	-	-
Comprehensive (loss) income for the year		-	-	-	-	-	421,907	(1,724,587)	(1,302,680)
Balance, June 30, 2018		56,041,746	\$ 17,987,542	20,533,133	\$ 1	\$ 3,378,699	\$ (173,450)	\$ (9,909,335)	\$ 11,283,457

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

Pioneering Technology Corp.

Condensed Interim Statements of Cash Flows

For the three and nine months ended June 30, 2019 and June 30, 2018

(Unaudited)

Expressed in Canadian Dollars

	June 30, 2019	Nine Months Ended June 30, 2018	June 30, 2019	Three Months Ended June 30, 2018
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the quarter	(1,974,472)	(1,724,587)	(747,328)	(1,105,202)
Items not affecting cash				
Depreciation of property and equipment	110,740	33,933	37,133	23,223
Amortization of patents and intangibles	19,741	2,347	6,659	782
Fair value movement - derivative liability	(615)	(669,449)	(1,079)	(544)
Unrealized foreign exchange loss (gain)	-	(236,735)	-	(185,181)
Stock-based compensation expenses	168,632	921,709	50,372	307,236
	(1,675,974)	(1,672,782)	(654,243)	(959,686)
Change in non-cash working capital balances				
Trade and other receivables	561,131	2,365,025	342,962	1,167,015
Inventories	(219,604)	(1,984,755)	452,008	(914,562)
Prepaid expenses and deposits	166,010	(54,791)	51,474	(199,241)
Trade payables and accrued liabilities	(24,595)	(674,527)	(7,390)	(161,571)
Other long-term liabilities	(3,183)	-	(5,242)	-
	(1,196,215)	(2,021,830)	179,569	(1,068,045)
INVESTING ACTIVITIES				
Purchase of property and equipment	(36,299)	(235,343)	(7,026)	(149,699)
Purchase of patents and intangibles	(12,467)	-	-	-
	(48,766)	(235,343)	(7,026)	(149,699)
FINANCING ACTIVITIES				
Shares and warrants, net of issuance costs	-	26,019	-	-
Proceeds from options and warrants exercised	-	57,691	-	-
Short-term investments	-	(5,465,454)	-	1,270,144
	-	(5,381,744)	-	1,270,144
NET CHANGE IN CASH DURING IN THE PERIOD	(1,244,981)	(7,638,917)	172,543	52,400
Foreign currency movement in cash balances	116,952	421,907	(84,071)	175,588
CASH - BEGINNING OF PERIOD	3,668,360	7,517,191	2,451,859	72,193
CASH - END OF PERIOD	2,540,331	300,181	2,540,331	300,181

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

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Pioneering Technology Corp. (“Pioneering” or the “Company”) is incorporated under the laws of Ontario, Canada and is an energy smart technology and consumer products company focused on developing advanced thermo-based technology solutions for opportunities that exist to improve the safety and/or energy efficiency of some of the most common household products and appliances.

Pioneering is a public company listed on the TSX Venture Exchange (TSX-V: PTE). The Company’s principal place of business is located at 7-2400 Skymark Ave., Mississauga, Ontario, Canada, L4W 5K5. The Company’s website is www.pioneeringtech.com.

2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY

The financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2.1 Statement of compliance

These financial statements, including comparative balances for the quarter ended June 30, 2019, have been prepared in accordance with and using policies in full compliance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), including IAS 34, Interim Financial Reporting. The financial statements were approved and authorized by the Board of Directors of the Company on August 29, 2019.

2.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at fair value through profit or loss (“FVTPL”). Gains and losses arising from foreign exchange are included in the statement of income (loss) and comprehensive (loss) income.

2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY (CONT'D)

2.3 New standards and interpretations

IFRS 9 - Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. In 2013, the IASB also incorporated new accounting requirements for hedging and introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis.

The effective date of this pronouncement has been set to be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which replaces IAS 18 - Revenues and covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), which replaces IAS 17 - Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of reviewing the standard to determine the impact on the financial statements.

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements
For the three months ended June 30, 2019 and 2018
(Unaudited)
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those for the year-end September 30, 2018 financial statements.

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined below. Actual results may differ from those estimates.

Judgments made by management in the on-going application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

- Inventory valuation – the provision for obsolescence of inventory and the estimated net realizable value;
- Trade receivable valuation – recoverability of trade receivables through the allowance for doubtful accounts (refer to note 14);
- Functional currency – judgment is required in determining the Company's functional currency based on the economic environment in which it primarily generates and expends cash;
- Stock-based compensation – the inputs used in valuing stock options;
- Valuation of derivative liability – methodology and inputs used in initial valuation and subsequent re-measurements; and
- Recovery of deferred income tax assets – assessing whether the realization of tax losses against future taxable income is probable.

4. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity and long-term debt. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and to bring new products to market. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new opportunities and seek to acquire an interest in growth situations if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and six months ended June 30, 2019.

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS

Financial instruments, by classification, comprise the following:

	Fair value hierarchy	June 30, 2019	September 30, 2018
		\$	\$
Financial assets			
<i>Fair value through profit or loss, measured at fair value</i>			
Cash	Level 1	2,540,331	3,668,360
<i>Loans and receivables, recorded at amortized cost</i>			
Trade and other receivables		202,756	763,887
Financial liabilities			
<i>Fair value through profit or loss, measured at fair value</i>			
Derivative liability	Level 2	442	1,057
<i>Other financial liabilities measured at a amortized cost</i>			
Trade payables and accrued liabilities		1,006,558	1,031,153

A summary of the Company's risk exposures as it relates to financial instruments is reflected below:

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily from trade receivable) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk relates to cash and accounts receivable and arises from the possibility that any counterparty to an instrument fails to perform. The Company has adopted a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. All of the Company's customers are located in either Canada or the United States. When available, the Company reviews credit bureau ratings, bank accounts and financial information for each new customer. As at June 30, 2019, the Company's maximum exposure to credit risk was the carrying value of cash and accounts receivable.

Trade and other receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance for doubtful accounts was \$5,000 and \$5,000 as at June 30, 2019 and September 30, 2018, respectively.

The Company's accounts receivables are concentrated among customers in the distribution and retail industry, which may be affected by adverse economic factors impacting that industry. As at June 30, 2019, three customers accounted for greater than 10% of the Company's accounts receivable balance. In total, these customers accounted for 56% of the Company's accounts receivable balance as at June 30, 2019 (2018 – 57%).

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements
For the three months ended June 30, 2019 and 2018
(Unaudited)
(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury function in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. The Company is growing and in order to meet its short and longer-term working capital requirements, the Company will attempt, if necessary, to secure further financing to ensure that those obligations are properly discharged.

Operationally, the Company manages its liquidity by continuously monitoring forecasted and actual gross profit, expenses, and cash flows from operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk). Market risks material to Pioneering include the following:

Foreign currency risk

Prior to the change in functional currency in a prior period, the Company was exposed to foreign currency risk as a material portion of its transacting is carried out in US dollars ("USD") and maintained USD denominated bank accounts.

Up until the change in functional currency, unfavorable changes in the exchange rate of the USD may have resulted in a significant effect on the foreign exchange gain or loss in the statement of income and comprehensive (loss) income. Subsequent to the change in functional currency, the Company is exposed to foreign currency risk on its Canadian dollar (CAD) denominated transactions and balances.

At present the Company has no plans in place to hedge its foreign exchange exposures. As the Company has expenditures and sales in both USD and CAD, the Company realizes the benefit of a partial natural hedge against this risk. A sensitivity analysis is presented below on its exposure to foreign currency risk on the CAD.

Interest rate risk

The Company invests cash, surplus to its operational needs, in investment grade short term deposit certificates issued by the Canadian chartered bank where it keeps its operating accounts. The Company is exposed to interest rate risk arising from fluctuations in the bank's prime rate related to its bank indebtedness. With all other factors held constant, a 1% fluctuation in the bank's prime rate would yield a change of \$0 (2018 - +/- \$0) in earnings.

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis – foreign exchange risk

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one-year period. The Company's operating activities are substantially denominated in both Canadian and US dollars. The Company's funds are kept in CAD and USD with a major Canadian Financial Institution.

The table below summarizes the effects on foreign exchange gains and losses as a result of a 10% change in the value of the foreign currencies against the CAD where the Company has significant exposure. The analysis assumes that other variables remain constant.

	Loss effect of a 10% increase in foreign exchange rates on translation of CAD monetary balances	Income effect of a 10% decrease in foreign exchange rates on translation of CAD monetary balances
CAD	\$ (215,255)	\$ 215,255

6. INVENTORIES

Inventories are comprised of finished goods only.

7. BANK INDEBTEDNESS

The company has a \$500,000 revolving demand facility with a Canadian chartered bank bearing interest at the lender's prime rate plus 2% per annum. The Company has provided a general security to the lender over its personal property. No amounts have been drawn on the facility at quarter-end.

8. OTHER LONG TERM LIABILITIES

The Company has a liability for landlord incentive of \$386,606 resulting from the recognition of all tenant inducements received due to the execution of the Company's new head office lease. This liability will be amortized over the 10-year life of the lease. The short-term portion of \$38,979 is included in trade payable and accrued liabilities.

Pioneering Technology Corp.

 Condensed Interim Notes to the Financial Statements
 For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost	Computer hardware and software \$	Equipment small tools and moulds \$	Fixtures and fittings \$	Automobiles	Leasehold improvements \$	Total \$
October 1, 2017	49,478	225,721	11,136	20,752	5,110	312,197
Additions	20,064	112,383	64,245	-	729,916	926,608
Disposals	-	-	-	-	-	-
October 1, 2018	69,542	338,104	75,381	20,752	735,026	1,238,805
Additions	16,005	12,799	690	-	6,805	36,299
Disposals	-	-	-	-	-	-
June 30, 2019	85,547	350,903	76,071	20,752	741,831	1,275,104

Accumulated Depreciation	Computer hardware and software \$	Equipment small tools and moulds \$	Fixtures and fittings \$	Automobiles	Leasehold improvements \$	Total \$
October 1, 2017	33,097	195,281	10,603	12,707	4,056	255,744
Depreciation	8,222	29,847	1,766	2,414	19,302	61,551
Disposals	-	-	-	-	-	-
October 1, 2018	41,319	225,128	12,369	15,121	23,358	317,295
Depreciation	14,322	25,911	14,298	1,267	54,942	110,740
Disposals	-	-	-	-	-	-
June 30, 2019	55,641	251,039	26,667	16,388	78,300	428,035

Carrying value	Computer hardware and software \$	Equipment small tools and moulds \$	Fixtures and fittings \$	Automobiles	Leasehold improvements \$	Total \$
October 1, 2017	16,381	30,440	533	8,045	1,054	56,453
October 1, 2018	28,223	112,976	63,012	5,631	711,668	921,510
June 30, 2019	29,906	99,864	49,404	4,364	663,531	847,069

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

10. PATENTS AND INTANGIBLES

Patents and intangibles are comprised of the following:

Cost	Safe-T-Sensor \$	Trademarks \$	Patents \$	Website \$	Total \$
October 1, 2017	66,681	-	45,688	-	112,369
Additions	-	44,231	-	27,584	71,815
Disposals	-	-	-	-	-
October 1, 2018	66,681	44,231	45,688	27,584	184,184
Additions	-	1,003	-	11,464	12,467
Disposals	-	-	-	-	-
June 30, 2019	66,681	45,234	45,688	39,048	196,651

Accumulated amortization	Safe-T-Sensor \$	Trademarks \$	Patents \$	Website \$	Total \$
October 1, 2017	66,681	-	35,257	-	101,938
Amortization	-	1,102	3,131	691	4,924
Disposals	-	-	-	-	-
October 1, 2018	66,681	1,102	38,388	691	106,862
Amortization	-	9,780	1,643	8,318	19,741
Disposals	-	-	-	-	-
June 30, 2019	66,681	10,882	40,031	9,009	126,603

Carrying value	Safe-T-Sensor \$	Trademarks \$	Patents \$	Website \$	Total \$
October 1, 2017	-	-	10,431	-	10,431
October 1, 2018	-	43,129	7,300	26,893	77,322
June 30, 2019	-	34,352	5,657	30,039	70,048

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

11. SHARE CAPITAL
a) Authorized

Unlimited number of voting common shares and non-voting series 1 preferred shares that are issuable in series. The series 1 preferred shares can be redeemed, at the sole discretion of the Company, upon payment to the holder of \$0.06 per preferred share (a maximum aggregate redemption price of \$1,231,988) and are not entitled to dividends. The statement of changes in equity details the number and value of the common shares and series 1 preferred shares outstanding as at the reporting date.

b) Stock options plan

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the underlying directors' resolution approving the issuance and have a maximum life of five years. The plan allows for the issuance of up to 10,330,163 common shares of the Company. At June 30, 2019, the Company had 4,316,163 (September 30, 2018 - 3,616,163) stock options available for issuance.

c) Contributed surplus

Contributed surplus is comprised of the following:

	June 30, 2019	September 30, 2018
	\$	\$
Stock options	3,212,763	3,553,898
Broker warrants	129,512	129,512
	3,342,275	3,683,410

Stock option activity for the three months ended June 30, 2019 and 2018 were as follows:

	June 30, 2019		June 30, 2018	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Balance, beginning of period	\$ 0.47	4,839,000	\$ 0.51	5,879,000
Transactions during the period				
Granted	\$ -	-	\$ -	-
Forfeited	\$ -	-	\$ -	-
Exercised	\$ -	-	\$ 0.20	(340,000)
Outstanding, end of period	\$ 0.47	4,839,000	\$ 0.50	5,539,000
Exercisable, end of period	\$ 0.41	4,401,500	\$ 0.27	3,789,000

Pioneering Technology Corp.

 Condensed Interim Notes to the Financial Statements
 For the three months ended June 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian Dollars)

 11. SHARE CAPITAL (CONT'D)

c) Contributed surplus (cont'd)

The following table provides additional information about the outstanding stock options as at June 30, 2019:

Exercise Price	June 30, 2019			September 30, 2018		
	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Exercisable
\$0.15	1,024,000	0.25	1,024,000	1,024,000	1.00	1,024,000
\$0.22	1,890,000	1.75	1,890,000	1,990,000	2.50	1,990,000
\$0.29	200,000	1.88	200,000	200,000	2.62	200,000
\$0.33	300,000	1.61	300,000	300,000	2.36	300,000
\$1.07	1,425,000	3.17	987,500	2,025,000	3.92	1,062,500
	4,839,000	1.85	4,401,500	5,539,000	2.74	4,576,500

Stock-based compensation expense was allocated to the financial statements as follows:

	June 30, 2019	June 30, 2018
	\$	\$
Administration	64,508	498,807
Sales and marketing	72,406	314,466
Research and development	31,718	108,436
	168,632	921,709

d) Warrants

During the quarter ended June 30, 2019, no warrants (2018 – nil) were exchanged for common shares (2018 - \$0.00 per share). As at June 30, 2019, 2,997,815 warrants were outstanding (2018 – 2,997,815).

Pioneering Technology Corp.

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(Unaudited)

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12. COMMITMENTS AND CONTINGENCIES

Pioneering leases its premises under a non-cancellable operating lease that expires in July 2028. Future minimum lease payments by year, and in the aggregate, are as follows:

	\$
2019	38,500
2020	156,408
2021	160,366
2022	164,340
2023	168,421
2024	172,670
2025	176,997
2026	181,369
2027	185,972
2028	158,173
	<hr/> 1,563,216

Under the terms of the lease, the Company is also responsible for its proportionate share of common area maintenance costs, including realty taxes.

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. During 2016, a former supplier has commenced an action against the Company relating to a contractual dispute. The Company intends to vigorously defend itself against such claim. As at quarter-end, no provision has been recorded in connection with this claim.

On January 23, 2019, the Company announced that it had terminated the employment of Laird Comber, Vice-President of Sales, and Wayne Zu, Director of Engineering and Manufacturing on January 9, 2019. The Company also terminated the engagement of Steph Cooper as the Company's controller on the same day.

Mr. Comber, Mr. Zu and Ms. Cooper were terminated for cause as a result of their participation in a scheme aimed at competing directly with Pioneering in the cooking fire prevention market in North America using Pioneering's confidential information, intellectual property, trade secrets, and know how. Upon discovery of this scheme, Pioneering acted promptly to protect its interests, including by terminating the employment or engagement of each of the individuals for cause and by initiating litigation against the three individuals in the Ontario Superior Court of Justice seeking appropriate remedies including damages. The litigation process is ongoing with respect to this matter.

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements

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(Unaudited)

(Expressed in Canadian Dollars)

13. INCOME TAXES

As at June 30, 2019, the Company has accumulated non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income for income tax purposes. At June 30, 2019, the Company has not recognized \$3,828,022 of the tax losses. These non-capital losses expire as follows:

	\$
2027	313,370
2028	1,424,300
2029	579,685
2031	106,628
2032	813,981
2033	1,269,404
2034	854,465
2038	2,476,328
	7,838,161

14. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables are from trade receivables and customer sales and Harmonized Services Tax ("HST") receivable due from government taxing authorities. The Company held no collateral for any receivable amounts outstanding as at June 30, 2019. The following comprises trade and other receivables:

	June 30, 2019	September 30, 2018
	\$	\$
HST recoverable	25,713	102,815
Trade accounts receivable, net of allowance	177,043	661,072
	202,756	763,887

Trade receivables greater than 30 days are considered past due. An aging analysis of the trade receivables is as follows:

	June 30, 2019	September 30, 2018
	\$	\$
Less than 1 month	140,012	694,916
31-60 days	58,986	24,225
61-90 days	1,575	17,870
Over 90 days	7,183	31,876
Total trade accounts receivable	207,756	768,887
Less: Allowance for doubtful accounts	5,000	5,000
Net trade accounts receivable	202,756	763,887

Pioneering Technology Corp.

Condensed Interim Notes to the Financial Statements
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(Unaudited)
(Expressed in Canadian Dollars)

15. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade and other payables are principally comprised of amounts outstanding for trade purchases relating to products sold and for amounts relating to operating activities. The following comprises trade and accrued liabilities:

	June 30, 2019	September 30, 2018
	\$	\$
Trade payables	298,129	457,766
Other accrued liabilities	708,429	573,387
	1,006,558	1,031,153

The standard maturity terms of the Company's trade and other payables are 30 to 60 days.

16. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Related party transactions and balances are as follows:

	June 30, 2019	June 30, 2018
	\$	\$
Type of payment:		
Key management salaries and contingent compensation	97,250	404,812
Director's fees	3,250	15,500
Value of key management stock options	17,518	305,698
Value of director stock options	-	118,006
Key management compensation	118,018	844,016
Amounts due to related parties at quarter end	12,522	6,250

The amounts due to related parties are included in the trade payables and accrued liabilities. The Company defines Key Management as its CEO, CFO, COO and its Board of Directors.

17. SEGMENTED INFORMATION

The Company operates in one business segment being the development, manufacture and sale of products intended to save energy and offer consumer convenience and safety. In addition, the Company operates in only one geographical segment, Canada, although it does service its U.S. clients by shipping and invoicing from its facilities in Mississauga, Ontario. Some deliveries are routed through an independent warehouse in the United States. The breakdown of the Company's revenues by geographic areas for the periods ended June 30, 2019 and 2018 are as follows:

	June 30, 2019	June 30, 2018
Canada	9%	19%
United States	91%	81%
	100%	100%

The Company's long-lived assets are located in Canada.