

# mobio technologies

## **Mobio Technologies Inc.**

Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

**For the Years Ended July 31, 2020 and 2019**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mobio Technologies Inc.

### Opinion

We have audited the consolidated financial statements of Mobio Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Subsequent Event

We draw attention to Notes 1 and 26 in the consolidated financial statements which describes that the Company, subsequent to year end, on August 20, 2020 forgave a receivable of \$6,543,410 owed to it by its controlled subsidiary Plank Ventures Ltd. As a result of the forgiveness of the receivable balance, the Company is no longer exposed to variable returns and therefore no longer controls Plank as of August 20, 2020. As a result, the Company will derecognize the assets held for distribution totaling \$6,778,580, the liabilities held for distribution totaling \$4,426,334 and the non-controlling shareholders interest of \$1,143,029 for no consideration, resulting in a reduction to equity attributable to the shareholders of the Company of \$1,209,217 being recorded on August 20, 2020 being the date of distribution. Our opinion is not modified in respect of this matter.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the director, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC  
November 30, 2020

**MOBIO TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Notes	July 31, 2020	July 31, 2019
<b>ASSETS</b>			
<u>Current Assets</u>			
Cash		\$ 51,070	\$ 307,190
Restricted cash	5	-	25,235
Accounts receivable	6	18,011	16,184
Digital currencies		-	17,545
Deposits and prepaid expenses		14,409	26,874
		83,490	393,028
<u>Non-Current Assets</u>			
Equipment	8	448	7,422
Investments	11	211,427	1,775,243
Assets from continuing operations		295,365	2,175,693
Assets held for distribution	25	6,778,580	-
<b>TOTAL ASSETS</b>		<b>\$ 7,073,945</b>	<b>\$ 2,175,693</b>
<b>LIABILITIES</b>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	12	\$ 181,162	\$ 147,850
Related party loans payable	15,18	345,898	70,531
Deferred revenue	19	-	2,316
		527,060	220,697
<u>Non-Current Liabilities</u>			
Term loans payable	14	20,768	-
Related party loans payable	15	-	1,051,110
Liabilities from continuing operations		547,828	1,271,807
Liabilities held for distribution	25	4,426,334	-
<b>TOTAL LIABILITIES</b>		<b>4,974,162</b>	<b>1,271,807</b>
<b>EQUITY</b>			
Share capital	16	25,787,321	25,782,356
Warrant reserve	16	841,765	846,730
Equity portion of debt		238,722	238,722
Share-based payments reserve	16	84,722	166,215
Deficit		(25,995,776)	(25,847,814)
Equity attributable to the shareholders of the Company		956,754	1,186,209
Non-controlling shareholders' interest	4,20	1,143,029	(282,323)
<b>TOTAL EQUITY</b>		<b>2,099,783</b>	<b>903,886</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 7,073,945</b>	<b>\$ 2,175,693</b>

See accompanying notes to the consolidated financial statements.

**MOBIO TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Notes	Year ended July 31, 2020	Year ended July 31, 2019
<b>REVENUE</b>			
Software		\$ 4,708	\$ 39,441
<b>EXPENSES</b>			
Amortization		455	867
Hosting and computing services		94,093	148,914
Personnel	18	279,686	421,178
Professional fees		46,870	91,061
Office and administration		25,932	52,898
Marketing		660	955
Regulatory and filing costs		15,996	26,788
Website and IT		6,798	8,654
Share-based payments	16,18	1,618	6,911 <sup>1</sup>
Foreign exchange		330	(4,224)
		472,438	754,002
<b>OTHER ITEMS</b>			
Interest income		(115)	(27,296)
Interest expense	14,15	21,818	74,331
Other income		(14,147)	-
Loss on disposal of assets		-	54
Fair value gain on investments	11	(211,427)	-
Government grant	14	(20,152)	-
		(224,023)	47,089
<b>Net loss from continuing operations</b>		<b>(243,707)</b>	<b>(761,650)</b>
<b>Net income (loss) from discontinued operations</b>	25	50,859	(73,988)
<b>Net loss for the year</b>		<b>\$ (192,848)</b>	<b>\$ (835,638)</b>
<b>Net income (loss) attributable to:</b>			
Shareholders of the parent company		\$ (243,707)	\$ (553,315)
Non-controlling shareholders' interest	20	50,859	(282,323)
		<b>\$ (192,848)</b>	<b>\$ (835,638)</b>
<b>Other comprehensive loss:</b>			
Foreign currency translation loss on discontinued operations, attributed to non-controlling interest		\$ (30,402)	\$ -
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (223,250)</b>	<b>\$ (835,638)</b>
<b>Comprehensive income (loss) attributable to:</b>			
Shareholders of the parent company		\$ (243,707)	\$ (553,315)
Non-controlling shareholders' interest		20,457	(282,323)
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (223,250)</b>	<b>\$ (835,638)</b>
<b>Basic and diluted loss per share attributable to the shareholders of Mobio Technologies Inc. - continuing operations</b>			
	17	\$ (0.01)	\$ (0.03)
<b>Basic and diluted income (loss) per share attributable to the shareholders of Mobio Technologies Inc. - discontinued operations</b>			
	17	\$ 0.00	\$ (0.00)
<b>Weighted average number of common shares outstanding, basic and diluted</b>			
	17	38,147,546	29,358,200

See accompanying notes to the consolidated financial statements.

**MOBIO TECHNOLOGIES INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

	Share capital		Reserves					Deficit	Total
	Note	Number of shares	Amount	Warrant reserve	Equity portion of debt	Share-based payments reserve	Non-controlling interest		
Balance at August 1, 2018		18,419,433	\$ 24,531,666	\$ 565,664	\$ 35,366	\$ 387,056	\$ -	\$ (25,522,251)	\$ (2,499)
Shares issued for cash	16	15,733,334	888,245	291,755	-	-	-	-	1,180,000
Shares issued for debt	16	3,994,779	359,530	-	-	-	-	-	359,530
Share issuance costs	16	-	(4,654)	(1,995)	-	-	-	-	(6,649)
Finders' fees	16	-	(846)	(279)	-	-	-	-	(1,125)
Finders' warrants	16	-	(452)	452	-	-	-	-	-
Share-based payments	16	-	-	-	-	6,911	-	-	6,911
Equity portion of debt	16	-	-	-	203,356	-	-	-	203,356
Expiry of options	16	-	-	-	-	(225,555)	-	225,555	-
Cancellation of options	16	-	-	-	-	(2,197)	-	2,197	-
Expiry of warrants	16	-	8,867	(8,867)	-	-	-	-	-
Loss for the year	17	-	-	-	-	-	(282,323)	(553,315)	(835,638)
<b>Balance at July 31, 2019</b>		<b>38,147,546</b>	<b>25,782,356</b>	<b>846,730</b>	<b>238,722</b>	<b>166,215</b>	<b>(282,323)</b>	<b>(25,847,814)</b>	<b>903,886</b>
Share-based payments	16	-	-	-	-	14,252	-	-	14,252
Expiry of options	16	-	-	-	-	(90,586)	-	90,586	-
Cancellation of options	16	-	-	-	-	(5,159)	-	5,159	-
Expiry of warrants	16	-	4,965	(4,965)	-	-	-	-	-
Investment in subsidiary	4	-	-	-	-	-	1,404,895	-	1,404,895
Foreign currency translation		-	-	-	-	-	(30,402)	-	(30,402)
Loss for the year	17	-	-	-	-	-	50,859	(243,707)	(192,848)
<b>Balance at July 31, 2020</b>		<b>38,147,546</b>	<b>\$ 25,787,321</b>	<b>\$ 841,765</b>	<b>\$ 238,722</b>	<b>\$ 84,722</b>	<b>\$ 1,143,029</b>	<b>\$ (25,995,776)</b>	<b>\$ 2,099,783</b>

See accompanying notes to the consolidated financial statements.

**MOBIO TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

<b>Year ended July 31,</b>	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Net loss from continuing operations	\$ (243,707)	\$ (761,650)
Items not affecting cash:		
Amortization	455	867
Unrealized foreign exchange gain	-	(5,385)
Accrued interest income	-	(27,294)
Accrued interest expense	21,818	52,391
Fair value gain on investments	(211,427)	-
Government grant	(20,152)	-
Loss on disposal of assets	-	54
Share-based payments	1,618	6,911
Net changes in non-cash working capital:		
Accounts receivable	(4,033)	95
Deposits and prepaid expenses	5,370	472
Accounts payable and accrued liabilities	96,038	(184,420)
Deferred revenue and deposits	(2,316)	1,685
<b>Net cash used in operating activities of continuing operations</b>	<b>(356,336)</b>	<b>(916,274)</b>
<b>INVESTING ACTIVITIES</b>		
Interest income received	115	-
Cash investments made	-	(107,674)
Sale of investment	-	-
<b>Net cash provided by (used) in investing activities of continuing operations</b>	<b>115</b>	<b>(107,674)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from related party loans	325,000	250,922
Repayment of related party loans	-	(433,567)
Term loans received	40,000	-
Advances related party loans	(170)	-
Issuance of common shares	-	1,180,000
Share issuance costs	-	(7,774)
<b>Net cash provided by financing activities of continuing operations</b>	<b>364,830</b>	<b>989,581</b>
Net cash used in operating activities of discontinued operations	(562,493)	(62,649) <sup>1</sup>
Net cash used in investing activities of discontinued operations	(603,550)	(817,534)
Net cash provided by financing activities of discontinued operations	1,513,275	1,144,857
<b>Net change in cash, discontinued operations</b>	<b>347,232</b>	<b>264,674</b>
Net change in cash, continuing operations	8,609	(34,367)
Net change in cash, discontinued operations	347,232	264,674
<b>NET CHANGE IN CASH</b>	<b>355,841</b>	<b>230,307</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<b>307,190</b>	<b>76,883</b>
<b>CASH, END OF THE YEAR</b>	<b>\$ 663,031</b>	<b>\$ 307,190</b>
<b>NON-CASH INVESTING AND FINANCING INFORMATION:</b>		
Shares issued in settlement of loans	\$ -	\$ 359,530
Interest paid in cash	\$ -	\$ 21,940

See accompanying notes to the consolidated financial statements.

**1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY**

Mobio Technologies Inc. (“Mobio” or the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 19, 1998. Mobio is a public company whose shares are listed on the TSX Venture Exchange under the symbol “MBO”. The Company’s primary line of business is Strutta.com Media Inc. (“Strutta”), a social promotions platform that allows brands to run contests and sweepstakes across multiple social web channels. In addition, the Company invests in start-up technology companies.

These consolidated financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended July 31, 2020, the Company incurred a net loss of \$192,848 and has an accumulated deficit of \$25,995,776 as at July 31, 2020. These conditions raise significant doubt about the Company’s ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to develop profitable operations in the future and to raise adequate financing, if necessary. The Company has generated operating losses since inception. The application of the going concern concept is dependent on the Company’s ability to achieve profitable operations and obtain necessary financing.

There can be no assurance that the Company will be successful in achieving profitability or raising additional cash to finance operations. These conditions indicate the existence of a material uncertainty that raise significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

On August 20, 2020, the Company forgave the receivable amount of \$6,543,410 owed to it by Plank. As a result of the forgiveness of the debt, the Company is no longer exposed to variable returns and therefore, as of August 20, 2020, no longer controls Plank. As a result, the Company will derecognize assets held for distribution totaling \$6,778,580, liabilities held for distribution totaling \$4,426,334 and the non-controlling interest of \$1,143,029 for no consideration, resulting in a reduction to equity attributable to the shareholders of the Company of \$1,209,217 being recorded on August 20, 2020, being the date of distribution.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (“COVID-19”). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

## **2. BASIS OF PRESENTATION**

These consolidated financial statements were authorized for issue on November 30, 2020, by the Board of Directors of the Company.

### **Statement of Compliance**

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

### **Functional and Presentation Currency**

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of Mobio Technologies Inc.

### **Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

### **Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Management has applied judgments in the assessment of the Company’s ability to continue as a going concern when preparing its consolidated financial statements for the year ended July 31, 2020. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, current working capital levels, and potential sources of replacement financing.

As a result of the assessment and as described in Note 1 – Nature of Operations and Going Concern Uncertainty, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecast and expectations with respect to access to financing for the next twelve months.

Significant estimates and assumptions were used with respect to the impairment of financial and non-financial assets, the fair value of investments, the determination of whether a business combination or an asset acquisition took place in the year and the impairment of goodwill.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned	
		July 31, 2020	July 31, 2019
Strutta.com Media Inc. ("Strutta")	Canada	100%	100%
Plank Ventures Ltd. ("Plank")	Canada	0%	0%
<u>Subsidiaries of Plank:</u>			
Exahash Cryptomining Corp. ("Exahash")	Canada	100%	100%
Votigo, Inc. ("Votigo")	USA	29.11%	0%

#### Basis of Consolidation

Mobio does not have a direct ownership interest in the shares of Plank, Exahash and Votigo. However, Mobio controls Plank as it can exercise power over Plank through its Board of Directors. Mobio has a variable interest in Plank and, through its Board of Directors, has the ability to affect the returns to the Company. Exahash is a wholly-owned subsidiary of Plank and, accordingly, Mobio has control over Exahash. Plank has control over Votigo through a voting agreement and, accordingly, Mobio has control over Votigo.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities subjecting the Company to variable returns. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account in the assessment of whether control exists and whether the Company is subject to variable returns from the entities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated on the date that control ceases.

Effective August 20, 2020, the Company will deconsolidate Plank Ventures Ltd. as a result of the forgiveness of the \$6,543,410 receivable from Plank. Accordingly, as of August 20, 2020, the Company is no longer subject to variable returns from Plank. As a result, because of the disposal of Plank, the operations of Plank are presented as discontinued operations in the consolidated statements of comprehensive loss and as assets and liabilities for distribution on the consolidated statements of financial position. The Company's continuing revenue, expenses and changes in cash do not include its discontinued operations related to Plank and its subsidiaries. Operating results of the discontinued operations of Plank are separately reported on the Company's consolidated financial statements.

The consolidated financial statements at July 31, 2020 and 2019 include the assets, liabilities, revenues and expenses of the Company's controlled and wholly owned subsidiaries. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions are eliminated on consolidation.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (b) Business Combinations

Acquisitions which meet the definition of a “business”, as defined in IFRS 3 – Business Combinations, are accounted for as a business combination using the acquisition method, and require the purchase price to be allocated to the fair values of the net assets acquired, including any intangible assets that may have arisen as a result of the acquisition, with the remainder of the purchase price allocated to goodwill. Those acquisitions which did not meet the definition of a business are accounted for as a purchase of assets. The judgments applied to making this determination includes assessing whether the acquisition contains inputs, processes, and outputs as described in IFRS 3 to be considered a business combination.

#### (c) Functional Currency and Presentation

The Company’s functional currency is the Canadian dollar and transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. The functional currency of Plank, Exahash and Strutta are the Canadian dollar while the functional currency of Votigo is the US dollar. Monetary assets and liabilities in foreign currencies are translated at reporting period rate of exchange. Non-monetary assets and liabilities in foreign currencies are translated at historical exchange rates.

Revenue and expenses denominated in a foreign currency are translated at the monthly average exchange rate (except for depreciation and amortization which is translated at historical exchange rates). Gains and losses resulting from the translation adjustments are included in net loss.

The assets and liabilities of Votigo included in these consolidated financial statements are translated from functional currency to the Company’s presentation currency using the exchange rates at period end. Income, expenses and cash flow items included in these consolidated financial statements are translated from functional currency to the Company’s presentation currency using the exchange rate that approximates the exchange rates at the date of the transactions (i.e. the average rate for the period). The differences arising upon translation from the functional currency to the reporting currency are recorded as foreign currency translation adjustment in the other comprehensive income and remain in the other comprehensive income until a subsidiary is partially or fully disposed of, or until the Company determines that it is abandoning all of the non-financial assets which are held by that subsidiary. Upon disposal, the corresponding foreign currency translation adjustment is removed from other comprehensive income as is recognized as realized foreign exchange gain or loss in net income.

#### (d) Revenue Recognition

Revenue is recognized when a contractual arrangement is in place, the fee is fixed and determinable, the products and services have been delivered to the customer, and collectability is reasonably assured. The Company’s principal source of software revenue and recognition of these revenues are as follows:

- (i) On-line subscription fees – generally recognized over time; and
- (ii) Advertising and sponsorship fees – recognized when the services are delivered.

Payments received in advance are recorded as deferred revenue and recognized into revenue as services are delivered or subscription time elapses.

Cryptomining revenue is recognized when the digital currencies have been received by the Company. Because Plank is presented as a discontinued operation, the revenue from cryptomining was reclassified as discontinued operations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Intangible Assets and Goodwill

Intangible assets with finite lives consist of acquired technologies, software trade names and customer relationships. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization commences once the underlying asset is complete and put into use. Cost for intangible assets acquired in a business combination represents the fair value of the asset at the time of the acquisition. Intangible assets acquired consists mainly of brand name, online platform, intellectual property and customer relationships. Amortization is calculated on a straight-line method over their estimated useful lives of 10 years.

Goodwill is not amortized and is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to the cash generating unit (CGU) to which it relates.

#### (f) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income (loss).

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

<b>Class of property, plant and equipment</b>	<b>Depreciation rate</b>
Cryptomining equipment	50%
Computer equipment	33%

#### (g) Digital Currencies

Digital currencies consist of cryptocurrency and are initially recorded at cost and adjusted to fair value at each reporting period based on quoted market prices. Changes in the fair value of digital currencies are recorded in profit and loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Financial instruments

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

##### (ii) Measurement

###### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

###### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

###### Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company shall recognize in the consolidated statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**(h) Financial instruments (cont'd)**

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**(i) Impairment of Non-Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

Impairment losses are recognized in profit or loss in the period in which the impairment is identified. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(j) Contingent Liabilities**

A contingent liability is defined as a possible obligation arising from past events or a present obligation where it is not probable that an outflow of resources will occur, or the amount of obligation cannot be measured. On determining the probability of occurrence and estimate of exposure, the Company relies upon their understanding of the past event, including activities undertaken by other parties. Contingent liabilities are disclosed unless the probability of occurrence is remote. There are no contingent liabilities disclosed for the Company.

#### **(k) Leases**

On August 1, 2019, the Company adopted IFRS 16. IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The adoption of this new standard did not have an impact on the consolidated financial statements as at August 1, 2019 as the Company had no leases.

On January 1, 2020, Votigo entered into a lease contract. At inception of a contract, Votigo recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits.

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

The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

#### **(l) Convertible Debentures and Short-Term Loans**

Convertible debentures and short-term loans are separated into their liability and equity components on the Consolidated Statements of Financial Position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is subsequently measured at amortized cost, using the effective interest method, until extinguished upon conversion or maturity.

The fair value of the equity component of debt is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the liability component is allocated as the fair value of the equity component. Issuance costs are allocated on a pro-rata basis between the debt and equity components.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(m) Share-Based Payments**

Stock options issued are accounted for in accordance with fair value accounting for share-based payments. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model. The associated expense is charged to profit or loss with a corresponding increase to share-based payment reserves over the vesting period of the option. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Compensation expense for stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method.

As the options are exercised, the consideration paid, along with the amount previously recognized in share-based payment reserves, is recorded as an increase to share capital. For stock options which have expired or been forfeited, the amount previously recognized in share-based payments reserve is reclassified to deficit.

**(n) Warrants**

The proceeds from private placements that include warrants are allocated on a relative fair value basis between the common shares and warrants. The fair value attributed to warrants is recorded in warrant reserves within equity. If the warrants are converted, the consideration paid, along with the amount previously recognized in warrant reserves, is recorded as an increase to share capital. Upon expiry of warrants, any fair value attributed is reclassified to share capital.

**(o) Comprehensive Income (Loss)**

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss. Comprehensive loss for the year ended July 31, 2020 includes the foreign exchange loss for the translation of Votigo's financial statements, which are denominated in US dollars, to Canadian dollars being the reporting currency.

**(p) Loss per Share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The method requires computation as if the proceeds from the exercisable options and warrants would be used to purchase common shares at the average market price during the period. For the periods presented, diluted loss per share is equal to basic loss per share since the effects of stock options and warrants were anti-dilutive.

**(q) Cash**

Cash consists of cash, restricted cash, and deposits held at call with banks. As a result, the carrying amount of cash approximates fair value.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Income Taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that asset.

#### (s) Government Grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognises government grants in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

#### (t) Discontinued Operations

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the statements of comprehensive income (loss).

#### 4. ACQUISITION

##### (a) Investment in Votigo, Inc.

On November 12, 2019, Plank purchased the following from Votigo, an online promotions company using Software-as-a-Service platform:

- 333,334 Series B Convertible Preferred Shares (“Series B Shares”) for a price of USD \$0.90 per Series B Share, or USD \$300,000 (CDN \$399,052) in the aggregate which was satisfied by a cash payment. Plank will be purchasing an additional 777,777 Series B Shares at USD \$0.90 per Series B Share, or USD \$699,999 in the aggregate, no later than the one-year anniversary of the closing. Plank is the only holder of Series B Shares. The holders of Series B Shares have certain protective provisions whereby Votigo must obtain the consent from a majority of the holders of Series B Shares prior to entering into certain transactions. In addition, the Company entered into a voting agreement which gives the Company the right to appoint the majority of the directors of Votigo.
- 834,349 Series A Convertible Preferred Shares (“Series A Shares”) out of a total issued and outstanding 1,668,695 Series A Shares, for a purchase price of \$0.8333 per Series A Share, or USD \$695,263 in the aggregate. USD \$347,632 (CDN \$462,409) of the purchase price was paid in cash at closing, and the remainder \$347,631 (CDN \$465,965) was payable as at July 31, 2020. The Company also has an option to a further 834,349 Series A Shares at US\$ 1,667 per share for a two-year period. The option which had a fair value, at the acquisition date, of \$82,650 was valued using a Black Scholes Option Pricing Model.

Plank owns 29.11% of Votigo’s total outstanding issued shares and is the sole owner of Series B Shares. Being the sole owner of Series B shares and having certain protective provisions including the ability to elect the majority of the board of directors, in accordance with IFRS 10, Plank has control over Votigo.

The investment in Votigo was accounted for as a business combination. In accordance with IFRS 3 “Business Combinations”, the assets acquired and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill. The acquisition was recorded as follows:

Fair value of consideration:	
Cash	\$ 861,461
Payable to the shareholders of Votigo, Inc.	465,965
	1,327,426
Net assets acquired:	
Cash	654,818
Accounts receivables	191,233
Prepaid expenses	49,558
Intangible asset (Note 10)	1,829,025
Purchase option (Note 10)	82,650
Accounts payable and accrued liabilities	(322,967)
Deferred revenue	(81,132)
Deferred tax liability	(338,757)
Non-controlling interest	(1,404,895)
	659,533
Goodwill	\$ 667,893

**4. ACQUISITION (CONT'D)**

**(b) Acquisition of Exahash Cryptomining Corp.**

On November 7, 2018, Plank acquired 100% of the issued and outstanding common shares of Exahash, a cryptomining company by exercising warrants for \$2,500. The acquisition was accounted for as a business combination. In accordance with IFRS 3 "Business Combinations", the assets acquired, and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill.

The acquisition was recorded as follows:

Fair value of consideration		
Cash (retained within Exahash)	\$	2,500
Assets acquired		
Cash		763
Digital currencies		6,461
Cryptomining equipment		9,674
Computer equipment		723
Accounts payable		(31,828)
Intercompany loan		(108,876)
		(123,083)
Goodwill	\$	123,083

At July 31, 2019, the Company determined that goodwill was impaired and recorded an impairment of \$123,083 in the consolidated statements of comprehensive loss, within discontinued operations.

**5. RESTRICTED CASH**

The Company has pledged cash as collateral against the credit limits on credit cards issued to the Company. Cash pledged is held in short-term GICs maturing in 30 days or less. During the year ended July 31, 2020, the Company offset the full cash collateral against the outstanding credit card payable balance. As the July 31, 2020, restricted cash balance is \$Nil (July 31, 2019 - \$25,235).

During the year ended July 31, 2020, the Company recorded \$115 (year ended July 31, 2019 - \$Nil) in interest income on restricted cash.

**6. ACCOUNTS RECEIVABLE**

		July 31, 2020		July 31, 2019
Trade and other receivables	\$	14,937	\$	11,314
GST recoverable		3,074		4,870
Total accounts receivable	\$	18,011	\$	16,184

**7. SPIN OUT OF PLANK VENTURES LTD.**

On February 22, 2019, the Company completed a plan of arrangement with its subsidiary Plank Ventures Ltd., whereby the shares of Plank held by the Company were distributed to the shareholders of the Company and Plank ceased to be a subsidiary of the Company. Pursuant to the plan of arrangement, all of the Company's investments were transferred to Plank. In accordance with IFRS 10, as the Company has a variable interest in Plank through an intercompany receivable of \$6,543,410 and has the same directors and shareholders as Plank, the Company meets the criteria for having control over Plank and, therefore, the consolidated financial statements include the assets, liabilities, revenues and expenses of Plank and its subsidiaries, Exahash and Votigo. The fair value of the Plank shareholders' interest at the date of conclusion of the plan of arrangement was determined to be \$Nil as Plank had net liabilities. The portion of equity attributable to the shareholders of Plank is included as a separate component of equity in the consolidated statements of financial position.

**8. EQUIPMENT**

	Cryptomining Equipment		Computer Equipment		Total
<b>Cost</b>					
Balance July 31, 2018	\$	-	\$	9,937	\$ 9,937
Disposal		-		(3,043)	(3,043)
Acquisition of subsidiary		-		723	723
<b>Balance July 31, 2020 and 2019</b>	<b>\$</b>	<b>9,674</b>	<b>\$</b>	<b>7,617</b>	<b>\$ 17,291</b>
<b>Amortization</b>					
Balance August 1, 2018	\$	-	\$	8,112	\$ 8,112
Disposal		-		(2,988)	(2,988)
Additions		3,878		867	4,745
Balance July 31, 2019		3,878		5,991	9,869
Additions		5,796		1,178	6,974
<b>Balance July 31, 2020</b>	<b>\$</b>	<b>9,674</b>	<b>\$</b>	<b>7,169</b>	<b>\$ 16,843</b>
<b>Net book value</b>					
<b>Balance July 31, 2019</b>	<b>\$</b>	<b>5,796</b>	<b>\$</b>	<b>1,626</b>	<b>\$ 7,422</b>
<b>Balance July 31, 2020</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>448</b>	<b>\$ 448</b>

**9. RIGHT-OF-USE ASSET**

On January 1, 2020, Votigo entered into an office lease agreement for a term of three years. In accordance with IFRS 16, Votigo recorded a right-of-use asset and a lease liability with a fair value of \$99,045 (Note 13). Fair value was determined by discounting future lease payments at a discount rate of 5% per annum.

The right-of-use asset as at July 31, 2020 is as follows:

<b>Balance, July 31, 2019 and 2018</b>	\$	-
Additions		99,045
Amortization		(19,447)
Effect of foreign exchange		188
<b>Balance, July 31, 2020</b>	<b>\$</b>	<b>79,786</b>

The right-of-use asset has been included in assets held for distribution on the consolidated statements of financial position as at July 31, 2020 (Note 25).

**10. INTANGIBLE ASSETS**

Votigo's intangible assets consist mainly of brand names, online platform and customer relationships. Amortization is calculated on a straight-line method over their estimated useful lives of 10 years (Note 4).

A summary of the Company's intangibles are as follows:

	Brand name, online platform and customer relationships	Goodwill	Purchase option	Total
<b>Balance July 31, 2019 and 2018</b>	\$ -	\$ -	\$ -	\$ -
Acquired on acquisition of subsidiary (Note 4)	1,829,025	667,893	82,650	2,579,568
Amortization	(131,825)	-	-	(131,825)
Fair value loss			(18,632)	(18,632)
Effect of foreign exchange	(179)	-	-	(179)
<b>Balance July 31, 2020</b>	<b>\$ 1,697,021</b>	<b>\$ 667,893</b>	<b>\$ 64,018</b>	<b>\$ 2,428,932</b>

Goodwill is not amortized but subject to annual impairment review. During the year ended July 31, 2020, the Company performed its annual impairment test on goodwill and did not identify any impairment.

The intangible assets have been included in assets held for distribution on the consolidated statements of financial position as at July 31, 2020 (Note 25).

**11. INVESTMENTS**

The following tables set forth the changes to the Company's investments during the years ended July 31, 2020 and July 31, 2019:

**Year ended July 31, 2020**

Opening Balance	Purchases	Disposals	Return of Capital	Change in Fair Value	Accrued Interest	Foreign Exchange Loss	Fair Value
\$1,775,243	\$ 419,999	\$(260,103)	\$ (5,532)	\$1,022,620	\$ 27,938	\$ (2,799)	\$ 2,977,366

**Year Ended July 31, 2019**

Opening Balance	Purchases	Change in Fair Value	Accrued Interest	Foreign Exchange Gain	Fair Value
\$ 952,014	\$ 817,095	\$ (32,188)	\$ 37,127	\$ 1,195	\$ 1,775,243

	July 31, 2020	July 31, 2019
Investments	\$ 211,427	\$ 1,775,243
Investments classified as assets held for distribution (Note 25)	2,765,939	-
	\$ 2,977,366	\$ 1,775,243

**ThinkCX Technologies Inc. ("ThinkCX")**

On August 30, 2018, the Company purchased 945,945 units of ThinkCX for \$350,000. Each unit consisted of one Series 1 Class A preferred share and one Series 1 Class A preferred share purchase warrant. Each share purchase warrant entitles the Company to purchase an additional Series 1 Class A preferred share of ThinkCX at a price of \$0.37 until August 23, 2019.

On July 9, 2019, the Company entered into an agreement to loan \$25,000 to ThinkCX. The loan is secured by a convertible promissory note that bears interest at 12% per annum and is due July 9, 2021. The promissory note is convertible into preferred shares of ThinkCX. During the year ended July 31, 2020, the Company earned interest income of \$3,008 on the loan.

On October 16, 2019, the Company entered into an agreement to loan \$20,000 to ThinkCX. The loan is secured by a convertible promissory note that bears interest at 12% per annum and is due October 16, 2021. The promissory note is convertible into preferred shares of ThinkCX. During the year ended July 31, 2020, the Company earned interest income of \$1,908 on the loan.

During the year ended July 31, 2020, the Company recorded a fair value gain of \$9,835 on ThinkCX investments.

**SiteMax Systems Inc. ("SiteMax")**

On January 19, 2019, the Company received 333,140 Series 1 seed preferred shares of SiteMax with a fair value of \$276,507 from Mobio in connection with the Plan of Arrangement between the Company and Mobio with a corresponding increase in the loan due to Mobio. The Company also received warrants to purchase up to 166,570 Class 1 common shares of SiteMax at an exercise price of \$0.83 per share.

## 11. INVESTMENTS (CONT'D)

On January 29, 2019, the Company entered into an agreement to purchase up to 476,189 Series 2 seed preferred shares and warrants to purchase up to 238,094 Class 1 common shares of SiteMax at an exercise price of \$1.26 per share, for \$600,000. The Company paid \$425,000 initially and was committed to advance an additional amount of \$175,000 upon SiteMax achieving \$80,000 in monthly recurring revenue. During the year ended July 31, 2020, the Company advanced an additional amount of \$175,000 to SiteMax.

During the year ended July 31, 2020, the Company exercised 150,601 SiteMax warrants at an exercise price of \$0.83 per share and 79,365 SiteMax warrants at an exercise price of \$1.26 per share to purchase an aggregate of 229,966 common shares of SiteMax. As at July 31, 2020, the Company holds an aggregate of 229,966 Class 1 common shares, 809,329 preferred shares, 15,969 warrants an exercise price of \$0.83 per share and 158,824 warrants at an exercise price of \$1.26 per share.

During the year ended July 31, 2020, the Company recorded a fair value gain of \$586,001 on SiteMax investments.

### **500 Startups Canada, L.P. ("500 Startups") and Sockeye Technologies Inc. ("Sockeye")**

On February 22, 2019, in accordance with the Plan of Arrangement, Mobio transferred various investments with a fair value of \$705,666 to the Company with a corresponding increase in the loan to Mobio. Investees included, among others, 500 Startups Canada, L.P. ("500 Startups") and Sockeye Technologies Inc. ("Sockeye"). During the year ended July 31, 2020, the Company earned interest income of \$22,060 on an unsecured convertible promissory note from Sockeye and received \$5,532 in return of capital from 500 Startups.

During the year ended July 31, 2020, the Company recorded a fair value gain of \$34,532 on 500 Startups investment and \$180,825 on Sockeye investments.

### **Blue Mesa Health Inc. ("Blue Mesa")**

On July 22, 2019, the Company entered into an agreement to loan USD \$13,628 (\$18,298) to Blue Mesa. The loan is secured by a promissory note that bears interest at 12% per annum and is due 90 days from the date of the agreement. During the year ended July 31, 2020, the Company earned interest of \$962 on the loan.

During the year ended July 31, 2020, the Company sold the outstanding loan balance and the 789 preferred shares of Blue Mesa for proceeds of \$260,103 (USD \$213,463), of which of which \$36,360 (USD \$27,942) was received and \$248,672 (USD \$185,521) is included in accounts receivable at July 31, 2020. The Company incurred a gain of \$17,591 on the sale. The Company is also entitled to amounts in escrow and contingent consideration which will not be recorded as proceeds until received.

### **Paltech Solutions Inc. ("Paltech")**

On October 18, 2012, the Company purchased 12,500 common shares of Paltech for \$20,000. During the year ended July 31, 2014, the Company fully impaired the investment. During the year ended July 31, 2020, the Company recorded a fair value gain on the investment of \$211,427. Subsequent to the year ended July 31, 2020, the Company sold the 12,500 common shares for proceeds of \$211,427 (USD \$157,734) (Note 26).

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Accounts payable	\$ 45,477	\$ 67,850
Accrued liabilities	135,685	80,000
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 181,162</b>	<b>\$ 147,850</b>

Included in accrued liabilities at July 31, 2020 is \$90,000 (July 31, 2019 - \$60,000) owing to an officer of the Company and included in accounts payable is \$4,213 (July 31, 2019 - \$5,792) owing to an officer of the Company (see Note 18 – Related Party Transactions).

**13. LEASE PAYABLE**

On January 1, 2020, Votigo entered into an office lease agreement for a term of three years. In accordance with IFRS 16, Votigo recorded a lease asset and a lease liability with a fair value of \$99,045. Fair value was determined by discounting future lease payments at a discount rate of 5% per annum.

The lease liability as at July 31, 2020 is as follows:

	<b>July 31, 2020</b>
Balance, opening	\$ -
Additions, net	99,045
Payments, made	(18,789)
Interest recorded	2,684
Effect of foreign exchange	156
<b>Balance, ending</b>	<b>\$ 83,096</b>

  

	<b>July 31, 2020</b>
Current portion	\$ 29,761
Long term portion	53,335
	<b>\$ 83,096</b>

The lease payable has been included in liabilities held for distribution on the consolidated statements of financial position as at July 31, 2020 (Note 25).

#### **14. TERM LOANS PAYABLE**

On May 4, 2020 (“disbursement date”), the Company received a loan for gross proceeds of \$40,000 under the Canada Emergency Business Account (“CEBA”) as part of the Canadian government funded COVID-19 financial assistance programs. The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at the fair value of \$19,847, using the Company’s incremental borrowing rate of 20% per annum. The difference between the initial carrying amount and proceeds received of \$20,152 is the value of the grant. As at July 30, 2020, the Company recognized in income the value of the grant as it incurred the related expenses for which the grant was intended to compensate. During the year ended July 31, 2020, the Company recorded interest of \$921 on the loan (2019 - \$Nil). The balance of the loan at July 31, 2020 is \$20,768.

##### **Term Loans Payable - Votigo**

On April 16, 2020 (“disbursement date”), Votigo received a loan for gross proceeds of \$112,057 (USD \$83,600) under the U.S. Small Business Administration’s Paycheck Protection Program (“PPP”). The loan is required to be repaid in full no later than two years from the disbursement date. The loan accrues interest at an annual rate of 1% per annum, with payments of principal and interest commencing ten months from the disbursement date. The loan may be forgiven, in whole or in part, at the lender’s discretion. The loan is to be repaid in equal installments beginning ten months after the date of disbursement.

Votigo used the full amount of the proceeds for payroll and eligible costs. Votigo has met the criteria and fulfilled the terms of the loan forgiveness. During the year ended July 31, 2020, Votigo recognized the full proceed into income and the balance of the loan at July 31, 2020 is \$Nil.

On June 30, 2020 (“disbursement date”), Votigo received a loan for gross proceeds of \$200,926 (USD \$149,900) from the U.S. Small Business Administration under the Economic Injury Disaster Loan (“EIDL”) program. The loan bears annual interest at a rate of 3.75% per annum. Monthly repayments of \$995 (USD \$735) will commence 12 months from the disbursement date and the loan matures 30 years from the disbursement date.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using Votigo’s incremental borrowing rate of 20% per annum. The difference between the initial carrying amount and proceeds received of \$151,866 is the value of the grant. As at July 31, 2020, \$25,576 of government grant had been recognized as income, representing the related expenses incurred for which the grant was intended to compensate. During the year ended July 31, 2020, Votigo recorded interest of \$830 on the loan (2019 - \$Nil). The balance of the loan at July 31, 2020 is \$49,882.

The term loans payable of Votigo have been included in liabilities held for distribution on the consolidated statements of financial position as at July 31, 2020 (Note 25).

**15. RELATED PARTY LOANS PAYABLE**

On August 14, 2019, the Company received a loan in the amount of \$25,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, the Company recorded \$2,418 (Note 18) (year ended July 31, 2019 - \$Nil) in interest on the loan. The balance of the loan at July 31, 2020 is \$27,418.

On August 29, 2019, the Company received a loan in the amount of \$100,000 from a company controlled by a significant shareholder. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, the Company recorded \$9,260 (Note 18) (year ended July 31, 2019 - \$Nil) in interest on the loan. The balance of the loan at July 31, 2020 is \$109,260.

On November 20, 2019, the Company received a loan in the amount of \$50,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, the Company recorded \$3,493 (Note 18) (year ended July 31, 2019 - \$Nil) in interest on the loan. The balance of the loan at July 31, 2020 is \$53,493.

On January 30, 2020, the Company received a loan in the amount of \$50,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, the Company recorded \$2,521 (Note 18) (year ended July 31, 2019 - \$Nil) in interest on the loan. The balance of the loan at July 31, 2020 is \$52,521.

On April 6, 2020, the Company received a loan in the amount of \$100,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, the Company recorded \$3,206 (Note 18) (year ended July 31, 2019 - \$Nil) in interest on the loan. The balance of the loan at July 31, 2020 is \$103,206.

**Related Party Loans Payable - Plank**

On August 30, 2018, Plank received a loan in the amount of \$379,828 (USD \$300,000) from a company controlled by an officer. The loan is unsecured and bears interest at 10% per annum. Principal and any unpaid interest are due on August 30, 2020. The loan was originally recorded at face value of \$379,828 less the value of the equity component of the loan, determined by discounting the loan at an appropriate market rate of interest, of \$57,836. During the year ended July 31, 2020, Plank recorded \$76,965 (Note 18) (year ended July 31, 2019 - \$64,934) in interest and accretion on the loan. The balance of the loan at July 31, 2020, is \$483,320.

On November 8, 2018, Plank received a loan in the amount of \$64,777 (USD \$50,000) from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2020, Plank recorded \$6,750 (Note 18) (year ended July 31, 2019 - \$4,834) in interest on the loan. The balance of the loan at July 31, 2020 is \$78,625.

On January 29, 2019, Plank received a loan in the amount of \$700,000 from a company with a common director and a common officer. The loan is unsecured and bears interest at 10% per annum. Principal and any unpaid interest are due on January 29, 2021. The loan was originally recorded at face value of \$700,000 less the value of the equity component of the loan, determined by discounting the loan at an appropriate market rate of interest, of \$108,147. During the year ended July 31, 2020, Plank recorded \$128,079 (Note 18) (year ended July 31, 2019 - \$60,307) in interest and accretion on the loan. The balance of the loan at July 31, 2020 is \$780,239.

**15. RELATED PARTY LOANS PAYABLE (CONT'D)**

On October 21, 2019, Plank received a loan in the amount of \$1,000,000 from a company controlled by a significant shareholder. The loan is secured by a promissory note, bears interest at 5% and is due on demand. During the year ended July 31, 2020, Plank recorded interest of \$39,041 (Note 18) (year ended July 31, 2019 - \$Nil) on the loan. The balance of the loan at July 31, 2020 is \$1,039,041.

On April 6, 2020, Plank received a loan in the amount of \$200,000 from a company controlled by a significant shareholder. The loan is secured by a promissory note, bears interest at 10% and is due on demand. During the year ended July 31, 2020, Plank recorded interest of \$6,411 (Note 18) (year ended July 31, 2019 - \$Nil) on the loan. The balance of the loan at July 31, 2020 is \$206,411.

The loans payable of Plank have been included in liabilities held for distribution on the consolidated statements of financial position as at July 31, 2020 (Note 25).

Loan transactions for the year ended July 31, 2020 are summarized as follows:

	<b>Liability component</b>	<b>Equity component</b>
<b>Balance, July 31, 2018</b>	\$ 528,223	\$ 35,366
Increases	1,192,172	203,355
Accrued interest and accretion	182,466	-
Repayments	(792,845)	-
Foreign exchange loss	11,625	-
<b>Balance, July 31, 2019</b>	1,121,641	238,722
Increases	1,525,000	-
Accrued interest and accretion	278,144	-
Foreign exchange loss	8,749	-
<b>Balance, July 31, 2020</b>	\$ 2,933,534	\$ 238,722

	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Short-term loans	\$ 345,898	\$ 70,531
Long-term loans	-	1,051,110
Loans classified as liabilities held for distribution (Note 25)	2,587,636	-
	\$ 2,933,534	\$ 1,121,641

## 16. SHARE CAPITAL

### **Authorized:**

- Unlimited number of common shares without par value.
- Unlimited number of preferred shares without par value, non-voting and entitled to such dividends as may be set by the Board of Directors of the Company.

### **Issued and Outstanding:**

38,147,546 common shares (July 31, 2019 – 38,147,546)

No common shares were issued during the year ended July 31, 2020.

*Common shares issued during the year ended July 31, 2019*

On November 9, 2018, the Company issued 3,994,779 common shares to settle short-term and long-term related party debt of \$359,530. Of the total debt settled, \$99,051 was owing to a company controlled by the CEO of the Company.

On January 25, 2019, the Company completed the first tranche of a private placement financing issuing 10,966,668 units at a price of \$0.075 per unit for gross proceeds of \$822,500. Each unit consisted of one common share and one-half of one share purchase warrant, whereby each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.10 for a period of two years from the date of issuance. The warrants were valued at \$204,137 using the Black-Scholes Pricing Model. Finders' fees of \$1,125 and 15,000 finders' warrants were issued in connection with the private placement. The finders' warrants were valued at \$602 using the Black-Scholes Pricing Model with the following assumptions: risk-free rate of 1.86%, volatility of 165.18% and expected life of one year.

On January 30, 2019, the Company completed the second tranche of a private placement financing issuing 4,766,666 units at a price of \$0.075 per unit for gross proceeds of \$357,500. Each unit consisted of one common share and one-half of one share purchase warrant, whereby each whole warrant entitles the holder to purchase an additional common share of the Company at a price of \$0.10 for a period of two years from the date of issuance. The warrants were valued at \$87,618 using the Black-Scholes Pricing Model.

### **Warrants**

During the year ended July 31, 2020, the Company extended the expiry date of 4,068,750 common share purchase warrants by twelve months from August 24, 2020 to August 24, 2021 and extended the expiry date of an aggregate of 1,666,670 common share purchase warrants by twelve months from March 26, 2020 to March 26, 2021.

In connection with the private placement financing completed on January 25 and January 30, 2019, the Company issued 7,866,667 share purchase warrants, the fair value of which was \$291,755, calculated using the Black-Scholes option pricing model, and this value is included under "warrant reserves" on the Company's consolidated statements of financial position. The warrants are exercisable at a price of \$0.10 per share for a period of two years from the date of issuance. In addition, 15,000 finders' warrants with a fair value of \$602 were issued. The finders' warrants were valued using the Black-Scholes Pricing Model with the following assumptions: risk-free rate of 1.86%, volatility of 165.18% and expected life of one year.

**16. SHARE CAPITAL (CONT'D)**

**Warrants (cont'd)**

During the year ended July 31, 2020, 65,000 warrants expired. The fair value of the expired warrants of \$4,965 was reclassified from warrant reserve to share capital.

During the year ended July 31, 2019, 101,725 warrants expired. The fair value of the expired warrants of \$8,867 was reclassified from warrant reserve to share capital.

Warrant transactions for the year ended July 31, 2020 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2018	5,887,145	\$ 0.30
Warrants expired	(101,725)	0.24
Warrants issued	7,881,666	0.10
Balance, July 31, 2019	13,667,086	0.18
Warrants expired	(65,000)	0.25
Balance, July 31, 2020	13,602,086	\$ 0.18

The weighted average life of the warrants is 0.68 years.

As at July 31, 2020, the following warrants were issued and exercisable:

Number of Warrants	Exercise Price	Expiry Date
5,483,334	\$ 0.10	January 25, 2021
2,383,332	\$ 0.10	January 30, 2021
1,666,670	\$ 0.30	March 26, 2021
4,068,750	\$ 0.30	August 24, 2021
13,602,086		

**Stock Options**

Under the Company's stock option plan, options may be granted to directors, officers, employees and consultants of the Company. Options expire between two and five years after being issued or thirty days after an optionee ceases to be engaged in a bona fide manner with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of engagement. The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 10% of the total issued and outstanding common shares of the Company and the aggregate number of common shares to be delivered upon exercise of the options to any one individual granted under the plan may not exceed 5% of the common shares issued and outstanding.

During the year ended July 31, 2020, 121,250 options expired unexercised. The fair value of the expired options of \$90,585 was reclassified from share-based payments reserve to deficit.

During the year ended July 31, 2020, 25,000 options were cancelled. The fair value of the cancelled options of \$5,159 was reclassified from share-based payments reserve to deficit.

**16. SHARE CAPITAL (CONT'D)**

**Stock Options (cont'd)**

During the year ended July 31, 2019, 33,875 options expired, and 12,500 options were cancelled. The fair value of the expired and cancelled options of \$227,753 was reclassified from share-based payments reserve to deficit.

A summary of the changes in the Company's outstanding stock options for the year ended July 31, 2020 is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, July 31, 2018	555,125	\$ 1.25
Expired	(33,875)	\$ 10.72
Cancelled	(12,500)	\$ 0.22
Balance, July 31, 2019	508,750	\$ 0.64
Expired	(121,250)	\$ 2.00
Cancelled	(25,000)	\$ 0.22
Balance, July 31, 2020	362,500	\$ 0.22

The weighted average life of the options is 7.47 years.

As at July 31, 2020 the following stock options were issued and exercisable:

<b>Outstanding (#)</b>	<b>Exercisable (#)</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
362,500	362,500	0.22	Jan. 19, 2028

On November 12, 2019, Plank issued 300,000 stock options in connection with its investment in Votigo. The options are exercisable at a price of \$0.10 per share for a period of 10 years. The fair value of the options was \$29,928 determined by using the Black-Scholes Option Pricing Model with the following assumptions: volatility of 190.67%, expected life of 10 years, risk-free interest rate of 1.47% and expected dividends of nil. During the year ended July 31, 2020, Plank recorded share-based payments of \$12,634 (year ended July 31, 2019 - \$Nil), which is included in net income (loss) from discontinued operations on the consolidated statements of comprehensive loss.

During the year ended July 31, 2020, share-based payments of \$1,618 (year ended July 31, 2019 - \$6,911) were recorded for the vesting of options granted on January 19, 2018.

**Interest of Shareholders of Plank Ventures Ltd.**

On February 22, 2019, the Company completed a plan of arrangement with its subsidiary Plank Ventures Ltd., whereby the shares of Plank held by the Company were distributed to the shareholders of the Company and Plank ceased to be a subsidiary of the Company. Pursuant to the plan of arrangement, all of the Company's investments were transferred to Plank. In accordance with IFRS 10, as the Company has a variable interest in Plank through an intercompany receivable and has the same directors and shareholders as Plank, the Company meets the criteria for having control over Plank and, therefore, the consolidated financial statements include the assets, liabilities, revenues and expenses of Plank and its subsidiaries, Exahash and Votigo. The fair value of the Plank shareholders' interest at the date of conclusion of the plan of arrangement was determined to be \$Nil as Plank had net liabilities. The portion of equity attributable to the shareholders of Plank is included as a separate component of equity in the consolidated statements of financial position.

**17. LOSS PER SHARE**

The basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. Any warrants and stock options outstanding as at July 31, 2020 and 2019 have not been included in the calculation of diluted loss per common share as the effect of their inclusion would be anti-dilutive.

<b>Loss Per Share Calculation - continuing operations</b>	Weighted Average Shares Outstanding	Net Loss Attributable to the Shareholders of Mobio Technologies Inc.	Loss Per Share Attributable to the Shareholders of Mobio Technologies Inc.
Year ended July 31, 2019	29,358,200	\$ (761,650)	\$ (0.03)
Year ended July 31, 2020	38,147,546	\$ (243,707)	\$ (0.01)

<b>Loss Per Share Calculation - discontinued operations</b>	Weighted Average Shares Outstanding	Net Income (Loss) Attributable to the Shareholders of Mobio Technologies Inc.	Income (Loss) Per Share Attributable to the Shareholders of Mobio Technologies Inc.
Year ended July 31, 2019	29,358,200	\$ (73,988)	\$ (0.00)
Year ended July 31, 2020	38,147,546	\$ 50,859	\$ 0.00

**18. RELATED PARTY TRANSACTIONS**

Payments to key management and directors during the years ended July 31, 2020 and 2019 were as follows:

	2020	2019 <sup>(1)</sup>
Fees paid to current and former directors and/or officers, or to companies controlled by directors and/or officers	\$ 75,000	\$ 165,000
Share-based payments to directors and officers	147	607
<b>Total compensation</b>	<b>\$ 75,147</b>	<b>\$ 165,607</b>

<sup>(1)</sup> Results from discontinued operations have been reclassified.

Fees paid to directors and officers are included in the line item "Personnel" in the Company's Consolidated statements of comprehensive loss.

For other related party transactions see Note 15 – Related Party Loans Payable.

**18. RELATED PARTY TRANSACTIONS (CONT'D)**

Interest and accretion recorded on related party loans is as follows:

	2020	2019 <sup>(1)</sup>
Interest and accretion on loans payable to companies with a common director and officer or to companies controlled by directors and/or officers or by significant shareholders	\$ 20,897	\$ 74,331

<sup>(1)</sup> Results from discontinued operations have been reclassified to liabilities held for distribution (Note 25).

Included in accrued liabilities at July 31, 2020 is \$90,000 (July 31, 2019 - \$60,000) owing to an officer of the Company and included in accounts payable is \$4,123 (July 31, 2019 - \$5,792) owing to an officer of the Company (Note 12).

**19. DEFERRED REVENUE**

As at July 31, 2020, the Company has \$Nil deferred revenue (2019 - \$2,316).

As at July 31, 2020, Plank and Votigo has \$203,507 deferred revenue (2019 - \$Nil).

<b>Balance, July 31, 2019</b>	\$ -
Acquisition of Votigo (Note 4)	81,132
Additions	1,309,510
Revenue recognized	(1,199,365)
Effect of foreign exchange	12,230
<b>Balance, July 31, 2020</b>	<b>\$ 203,507</b>

The balance of deferred revenue has been recorded as liabilities held for distribution on the statements of financial position as at July 31, 2020 (Note 25).

**20. NON-CONTROLLING INTEREST**

On November 12, 2019, Plank invested in Votigo's Series A Shares and Series B Shares. Plank is the only holder of Series B Shares. The holders of Series B Shares have certain protective provisions whereby Votigo must obtain the consent from a majority of the holders of Series B Shares prior to entering into certain transactions and through a voting agreement Plank has the ability to appoint the majority of the directors of Votigo. As Plank is the sole owner of Series B shares, in accordance with IFRS 10, the Company has control over Votigo (Note 4).

As at July 31, 2020, the Company holds a 29.11% (2019 – Nil) interest in Votigo, resulting in 70.89% ownership interest held by non-controlling shareholders.

Reconciliation of non-controlling interest as follows:

<b>Balance, July 31, 2018</b>	\$ -
Share of net loss	(282,323)
<b>Balance, July 31, 2019</b>	<b>(282,323)</b>
Acquisition of subsidiary (Note 4)	1,404,895
Foreign currency translation	(30,402)
Share of net loss	50,859
<b>Balance, July 31, 2020</b>	<b>\$ 1,143,029</b>

**21. INCOME TAXES**

A reconciliation of the calculated income taxes for the fiscal years ended July 31, 2020 and 2019 are as follows:

	July 31, 2020	July 31, 2019
Combined federal and provincial statutory income tax rate	27.00%	27.00%
Accounting income (loss) before income taxes	\$ (243,707)	\$ (761,650)
Expected income tax (expense)/recovery at statutory rates	(65,801)	(205,646)
Non-deductible expenditures	437	35,098
Other	2,609,778	(8,643)
Change in valuation	(2,544,414)	179,191
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The Company did not recognize the following deferred tax assets for the following deductible temporary differences:

	July 31, 2020	July 31, 2019
Non-capital losses	\$ 10,189,421	\$ 15,507,513
Share issue costs	15,747	28,825
Capital losses	536,063	6,403,418
Other deductible temporary differences	(149,730)	1,126,174
	10,591,501	23,065,930
Tax benefits not recognized	(10,591,501)	(23,065,930)
Balance	\$ -	\$ -

The Company's tax loss carry-forwards that it can apply against income in future years are as follows:

<b>Tax non-capital loss carry-forward schedule</b>		
<b>Year of expiry</b>		<b>Amount</b>
2026	\$	113,597
2027		112,640
2028		168,755
2029		243,923
2030		136,128
2031		266,894
2032		650,632
2033		1,592,375
2034		2,026,492
2035		697,665
2036		1,283,361
2037		1,115,539
2038		776,400
2039		731,077
2040		273,943
	<b>\$</b>	<b>10,189,421</b>

## 22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, accounts receivable, investments, related party loans payable, and accounts payable and accrued liabilities. As at July 31, 2020, there were no significant differences between the carrying amounts of these items and their estimated fair values.

The carrying value of these items approximates their fair value.

Related party loans payable and lease payable are measured at amortized cost using the effective interest rate method and transaction costs associated with the loans are amortized through net loss over the life of the loans.

### **Fair Value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of July 31, 2020, cash and restricted cash are classified as Level 1 and investments as Level 3. The fair value of investments is determined using various valuation techniques which include comparable company metrics, Black-Scholes Option Pricing Models and discounted cash flow analysis. The Company also has an option to a further 834,349 Series A Shares at US\$ 1,667 per share for a two year period. The option, which had a fair value at the acquisition date of \$82,650, was valued using a Black Scholes Option Pricing Model.

The Board of Directors approves and monitors the risk management processes. The Company has exposure to the following risks from its use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Market risk
- Currency risk

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company manages its financial instruments with the objective of minimizing potential interest rate risk, which generally means avoiding interest-bearing obligations other than in unusual circumstances. The Company is not exposed to significant interest rate risk.

### **Credit Risk**

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash, restricted cash, and accounts receivable. Management believes that the credit risk with respect to cash and restricted cash is minimal as balances are held with a high-credit quality financial institution. Accounts receivable have historically been subject to very few bad debts.

## **22. FINANCIAL INSTRUMENTS (CONT'D)**

### **Liquidity Risk**

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising funds to sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company's ability to meet its future obligations may depend in significant part on the extent to which the Company can raise sufficient funds or implement successfully its business growth and cost reduction strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized.

### **Market Risk**

The Company's exposure to financial market risk is limited, as it presently does not have any investments where value fluctuates as a result of changes in prices quoted in open markets.

### **Currency risk**

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's reporting currency is Canadian dollars and has not entered into any derivative instruments to manage foreign exchange fluctuations.

## **23. COMMITMENT**

During the year ended July 31, 2020, Plank invested in Votigo, Inc. Under the share purchase agreement, Plank purchased 333,334 Series B Shares in the capital of Votigo (Note 4). Plank is the sole owner of Series B Shares, and will be purchasing an additional 777,777 Series B Shares at USD \$0.90 per Series B Shares or an aggregate price of USD \$699,999, no later than one-year anniversary from the date of initial investment.

As at July 31, 2020, Plank has not acquired the additional 777,777 Series B Shares. (Note 26)

## **24. CAPITAL MANAGEMENT**

The Company defines capital as an aggregate of common shares, warrants and stock options. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company targets to meet this objective by managing working capital to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements in the near term. The Board of Directors does not establish quantitative return on capital criteria for management. In recent years, the Company has relied on funds generated through the issuance of common shares and loans to supplement funds generated from operations.

## **25. DISCONTINUED OPERATIONS**

On February 22, 2019, the Company completed a plan of arrangement with its subsidiary Plank Ventures Ltd., whereby the shares of Plank held by the Company were distributed to the shareholders of the Company and Plank ceased to be a subsidiary of the Company. Pursuant to the plan of arrangement, all of the Company's investments were transferred to Plank. In accordance with IFRS 10, as the Company has a variable interest in Plank through an intercompany receivable of \$6,543,410 and has the same directors and shareholders as Plank, the Company meets the criteria for having control over Plank and, therefore, the consolidated financial statements include the assets, liabilities, revenues and expenses of Plank and its subsidiaries.

**25. DISCONTINUED OPERATIONS (CONT'D)**

Subsequent to July 31, 2020, the Company forgave the intercompany receivable from Plank of \$6,543,410 (Note 26). Consequently, the Company, as of August 20, 2020, will no longer have a variable interest in Plank and Plank and its subsidiaries will be deconsolidated. Accordingly, the operations for the years ended July 31, 2020 and 2019 have been reclassified in the statement of comprehensive loss to disclose results of the discontinued operations into one line.

The results of the discontinued operations are as follows:

Years ended	July 31, 2020	July 31, 2019
Operating information:		
Revenue	\$ 1,139,550	\$ 6,289
Cost of revenue	(114,000)	-
Expenses	(1,770,052)	(32,487)
Other revenue (expense) items	720,377	(47,790)
Deferred income tax recovery	74,984	-
<b>Net income (loss) from discontinued operations</b>	<b>\$ 50,859</b>	<b>\$ (73,988)</b>

Major classes of assets and liabilities held for distribution are as follows:

	Note	July 31, 2020
<b>Assets</b>		
Cash		\$ 611,961
Accounts receivable		851,247
Digital currencies		15,696
Deposits and prepaid expenses		24,880
Equipment	8	139
Right-of-use asset	9	79,786
Intangible asset	10	2,364,914
Purchase option	10	64,018
Investments	11	2,765,939
<b>Total assets held for distribution</b>		<b>\$ 6,778,580</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	12	\$ 1,111,902
Current portion of related party loans payable	15	2,587,636
Current portion of lease liability	13	29,761
Current portion of term loans	14	985
Deferred government grant	14	126,538
Deferred revenue	19	203,507
Lease liability	13	53,335
Term loans payable	14	48,897
Deferred tax liability		263,773
Related party loans payable	15	-
<b>Total liabilities held for distribution</b>		<b>\$ 4,426,334</b>

## 26. SUBSEQUENT EVENTS

Subsequent to July 31, 2020:

- On August 20, 2020, the Company forgave a total of \$6,543,410 in debt owed by Plank. As a result of forgiving the loan receivable from Plank, the Company no longer has an economic interest in Plank. Accordingly, on August 20, 2020, Plank and its subsidiaries were deconsolidated. The net equity attributable to its shareholders will decrease by \$1,084,991 on the deconsolidation of Plank and its subsidiaries on August 20, 2020, the date the decision was approved to forgive the loan which was within the control of the directors of Mobio.
- On September 16, 2020, Plank received US\$400,000 loan from Lanebury Growth Capital Ltd. ("Lanebury") The loan bears interest of 10% per annum and repayable in one year.
- On September 29, 2020, the Company sold 12,500 common shares of Paltech for \$211,427 (USD \$157,734) (Note 11).
- On October 16, 2020, Plank received USD \$700,000 loan from Lanebury. The loan bears interest of 10% per annum and repayable in one year.
- On October 30, 2020, Plank paid the remaining balance of USD \$347,632 for the purchase of Series A Convertible Preferred Shares of Votigo to the existing shareholders.
- On October 30, 2020, Plank purchased additional 777,777 Series B Share of Votigo for USD \$699,999 (USD \$0.90 per Series B Shares) in accordance with its commitment (Note 4).

In connection with the receipt of funds from the sale of the 777,777 Series B Shares, Votigo has acquired Laughton Marketing Communications, Inc. dba US Sweepstakes and Fulfillment Company, a Rochester, NY based sweepstakes and fulfillment company for USD \$750,000 payable as follows: USD \$250,000 at closing, a further USD \$250,000 not later than 12 months after the closing date, and the final USD \$250,000 not later than 24 months after the closing date.