

mobio technologies

Mobio Technologies Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

For the Three Months Ended October 31, 2020 and 2019

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Company's auditors have not reviewed or been involved in the preparation of these condensed consolidated interim financial statements.

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

In accordance with National Instrument 51-102 Section 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of condensed consolidated interim financial statements by an entity's auditor, for the three-month periods ended October 31, 2020 and 2019.

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

MOBIO TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian dollars)

As at	Note	October 31, 2020	July 31, 2020
ASSETS			
<u>Current Assets</u>			
Cash		\$ 159,309	\$ 51,070
Accounts receivable	3	18,886	18,011
Deposits and prepaid expenses		9,574	14,409
		187,769	83,490
<u>Non-Current Assets</u>			
Fixed assets	4	386	448
Investments		-	211,427
Assets from continuing operations		188,155	295,365
Assets held for distribution		-	6,778,580
TOTAL ASSETS		\$ 188,155	\$ 7,073,945
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	5	\$ 156,075	\$ 181,162
Related party loans payable	6	354,089	345,898
		510,164	527,060
<u>Non-Current Liabilities</u>			
Term loan payable	7	21,776	20,768
Liabilities from continuing operations		531,940	547,828
Liabilities held for distribution		-	4,426,334
TOTAL LIABILITIES		\$ 531,940	\$ 4,974,162
EQUITY (DEFICIT)			
Share capital	8	\$ 25,787,321	\$ 25,787,321
Warrant reserves		841,765	841,765
Equity portion of debt		72,738	238,722
Share-based payment reserve		72,091	84,722
Accumulated other comprehensive loss		-	(30,402)
Deficit		(27,117,700)	(25,995,776)
Equity (deficit) attributable to the shareholders of the Company		(343,785)	926,352
Interest of shareholders of Plank Ventures Ltd.		-	(71,995)
Non-controlling shareholders' interest		-	1,245,426
TOTAL EQUITY (DEFICIT)		(343,785)	2,099,783
TOTAL LIABILITIES AND EQUITY		\$ 188,155	\$ 7,073,945
Nature of operations and going concern uncertainty	1		

Approved on behalf of the board

"Brian O'Neill"

Brian O'Neill, Director

"Laurie Baggio"

Laurie Baggio, Chief Executive Officer

See accompanying notes to the condensed consolidated interim financial statements.

MOBIO TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (Unaudited - Expressed in Canadian dollars)

		Three months ended October 31,	
	Notes	2020	2019
REVENUE			
Sales		\$ -	\$ 1,954
EXPENSES			
Amortization		62	124
Hosting and computing services		-	33,194
Personnel		60,015	106,789
Professional fees		10,187	5,000
Office and administration		4,727	6,483
Marketing		2,968	-
Regulatory and filing costs		-	1,731
Website and IT		-	1,857
Share-based payments		36	866
Foreign exchange		3,922	7
		81,917	156,051
OTHER ITEMS			
Interest expense		9,200	2,295
Debt cancellation and forgiveness	1	6,543,410	-
Gain on impaired investment		205	-
Loss on disposal of investment	1	536,521	-
		7,089,336	2,295
Net loss from continuing operations		\$ (7,171,253)	\$ (156,392)
Net loss from discontinued operations		-	(117,068)
Net loss and comprehensive loss for the period		\$ (7,171,253)	\$ (273,460)
Basic and diluted loss per share	9	\$ (0.19)	\$ (0.01)
Weighted average number of common shares outstanding, basic and diluted	9	38,147,546	38,147,546

See accompanying notes to the condensed consolidated interim financial statements.

MOBIO TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(Unaudited - Expressed in Canadian dollars)

	Notes	Share capital		Reserves					Total
		Number of shares	Amount	Warrant reserves	Equity portion of debt	Share-based payments reserves	Non-controlling interest	Deficit	
Balance at July 31, 2019		38,147,546	\$ 25,782,356	\$ 846,730	\$ 238,722	\$ 166,215	\$ -	\$ (26,130,137)	\$ 903,886
Share-based payments		-	-	-	-	866	-	-	866
Expiry of options		-	-	-	-	(68,796)	-	68,796	-
Loss for the period		-	-	-	-	-	-	(273,460)	(273,460)
Balance at October 31, 2019		38,147,546	25,782,356	846,730	238,722	98,285	-	(26,334,801)	631,292
Balance at July 31, 2020		38,147,546	25,787,321	841,765	238,722	84,722	1,143,029	(25,995,776)	2,099,783
Deconsolidation of equity attributable to Plank Ventures Ltd.	2	-	-	-	(165,984)	(12,631)	(1,143,029)	6,049,329	4,727,685
Loss for the period		-	-	-	-	-	-	(7,171,253)	(7,171,253)
Balance at Oct 31, 2020		38,147,546	\$ 25,787,321	\$ 841,765	\$ 72,738	\$ 72,091	\$ -	\$ (27,117,700)	\$ (343,785)

See accompanying notes to the condensed consolidated interim financial statements.

MOBIO TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian dollars)

Three months ended October 31,

	Note	2020	2019
OPERATING ACTIVITIES			
Net loss from continuing operations		\$ (7,171,253)	\$ (156,393)
Items not affecting cash:			
Amortization		62	125
Accrued interest		9,200	-
Accrued interest expense		-	2,295
Unrealized loss (gain) on fair value of digital currencies		-	(1)
Share-based payments		-	866
Debt cancellation and forgiveness	1	6,543,410	-
Net changes in non-cash working capital:			
Accounts receivable		(875)	3,454
Deposits and prepaid expenses		4,835	4,811
Accounts payable and accrued liabilities		(25,087)	23,373
Net cash used in operating activities of continuing operations		(639,708)	(121,470)
INVESTING ACTIVITIES			
Sale of investment		211,427	-
Loss on disposal of investment	1	536,521	-
Net cash provided by investing activities		747,948	-
FINANCING ACTIVITIES			
Proceeds from related party loans		-	125,000
Net cash provided by financing activities of continuing operations		-	125,000
Net cash used in operating activities of discontinued operations		-	(41,801)
Net cash used in investing activities of discontinued operations		-	(232,499)
Net cash provided by financing activities of discontinued operations		-	1,000,000
Net change in cash, discontinued operations		-	725,700
Net change in cash, continuing operations		108,239	3,530
Net change in cash, discontinued operations		-	725,700
NET CHANGE IN CASH		108,239	729,230
CASH, BEGINNING OF THE PERIOD		51,070	307,190
CASH, END OF THE PERIOD		\$ 159,309	\$ 1,036,420

See accompanying notes to the condensed consolidated interim 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 condensed consolidated interim 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 period ended October 31, 2020, the Company generated a net loss of \$7,171,253 and has an accumulated deficit of \$27,117,700 as at October 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 may raise doubt about the Company's ability to continue as a going concern. The condensed consolidated interim 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 and disposal of the investment, the Company is no longer exposed to variable returns and therefore, as of August 20, 2020, no longer controls Plank. To account for this, the Company derecognized 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. This was recorded on August 20, 2020, being the date of distribution. During the period ended October 31, 2020, the Company recorded a loss on disposal of investment in Plank of \$536,521.

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 condensed consolidated interim financial statements were authorized for issue on December 23, 2020, by the Board of Directors of the Company.

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). These condensed consolidated interim financial statements do not include all of the information required for full annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended July 31, 2020, and 2019.

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 condensed consolidated interim 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 condensed consolidated financial statements for the three months ended October 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.

2. BASIS OF PRESENTATION (CONT'D)

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.

Basis of Consolidation

These condensed consolidated interim financial statements consist of Mobio Technologies Inc. and Strutta.Com Media Inc.

Effective August 20, 2020, the Company deconsolidated 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, for the periods ending July 31, 2020 and October 31, 2019, the operations of Plank are presented as discontinued operations in the condensed consolidated statements of comprehensive loss and as assets and liabilities for distribution on the condensed 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. For the period ending July 31, 2020 and October 31, 2019, operating results of the discontinued operations of Plank are separately reported on the Company's condensed consolidated financial statements.

The condensed consolidated financial statements at October 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.

Certain comparative figures have been reclassified to conform to the current period's presentation

3. ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from customers and GST recoverable. Amounts due from customers relate to the operations of Strutta.

	October 31,		July 31,	
	2020		2020	
Trade receivables	\$	16,513	\$	14,937
GST recoverable		2,373		3,075
Total accounts receivable	\$	18,886	\$	18,011

4. EQUIPMENT

	Computer Equipment	
Cost		
Balance, July 31, 2020	\$	7,617
Disposals		(1,716)
Balance, October 31, 2020	\$	5,901
Accumulated depreciation		
Balance, July 31, 2020	\$	7,169
Amortization		62
Disposals		(1,716)
Balance, October 31, 2020	\$	5,515
Net book value		
As at July 31, 2020	\$	448
As at October 31, 2020	\$	386

5. TRADE PAYABLES AND ACCRUALS

		October 31,		July 31,
		2020		2020
Accounts payable	\$	12,797	\$	45,477
Accrued liabilities		143,278		135,685
Total Accounts payable and accrued liabilities	\$	156,075	\$	181,162

Included in accrued liabilities at October 31, 2020 is \$90,000 (July 31, 2020 - \$30,000, July 31, 2019 - \$60,000) owing to an officer of the Company.

6. 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 three months ended October 31, 2020, the Company recorded \$630 (period ended October 31, 2019 - \$541) (Note 10) in interest on the loan. The balance of the loan at October 31, 2020 is \$28,048.

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 three months ended October 31, 2020, the Company recorded \$2,521 (period ended October 31, 2019 - \$1,754) (Note 10) in interest on the loan. The balance of the loan at October 31, 2020 is \$111,781.

6. RELATED PARTY LOANS PAYABLE (CONT'D)

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 three months ended October 31, 2020, the Company recorded \$1,260 (period ended October 31, 2019 - Nil) (Note 10) in interest on the loan. The balance of the loan at October 31, 2020 is \$54,753.

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 three months ended October 31, 2020, the Company recorded \$1,260 (period ended October 31, 2019 - Nil) (Note 10) in interest on the loan. The balance of the loan at October 31, 2020 is \$53,781.

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 three months ended October 31, 2020, the Company recorded \$2,521 (period ended October 31, 2019 - Nil) (Note 10) in interest on the loan. The balance of the loan at October 31, 2020 is \$105,726.

Loan transactions for the three months ended October 31, 2020 are summarized as follows:

	Liability component	Equity component
Balance, July 31, 2020	\$ 2,933,534	\$ 238,722
Deconsolidation of subsidiary	(2,587,636)	(165,983)
Accrued interest and accretion	8,192	-
Balance, October 31, 2020	\$ 354,089	\$ 72,738

7. 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. During the three months ended October 31, 2020, the Company recorded interest of \$1,008 on the loan (three months ended October 31, 2019- Nil). The balance of the loan at October 31, 2020 is \$21,776 (July 31, 2020 - \$20,768).

8. 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, 2020 – 38,147,546)

Warrants

During the period ended October 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 in March 26, 2020 to March 26, 2021.

There were no other share purchase warrant transactions for the period ended October 31, 2020

As at October 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.

There were no other stock option transactions for the period ended October 31, 2020

The weighted average life of the options is 7.22 years.

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

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

9. LOSS PER SHARE

The basic loss per common share is calculated using the weighted average number of common shares outstanding during the period. Any warrants and stock options outstanding as at October 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.

Loss Per Share Calculation	Weighted Average Shares Outstanding	Net Loss	Loss Per Share
Three months ended October 31, 2019	38,147,546	\$ (273,460)	\$ (0.01)
Three months ended October 31, 2020	38,147,546	\$ (7,171,253)	\$ (0.19)

10. RELATED PARTY TRANSACTIONS

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

Period Ended October 31,	2020	2019
Fees paid to current and former directors and/or officers, or to companies controlled by directors and/or officers	\$ 12,250	\$ 51,458
Share-based payments to directors and officers	-	79
Total compensation	\$ 12,250	\$ 51,537

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

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

Three months ended October 31,	2020	2019
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	\$ 8,192	\$ 55,018

11. FINANCIAL INSTRUMENTS

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

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.

11. FINANCIAL INSTRUMENTS (CONT'D)

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 October 31, 2020, cash and restricted cash are classified as Level 1 and investments are classified as Level 3.

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.

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.

12. CAPITAL MANAGEMENT

The Company defines capital as an aggregate of cash, 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.