

**YNVISIBLE INTERACTIVE INC.  
(formerly Network Exploration Ltd.)**

**FINANCIAL STATEMENTS**

**YEARS ENDED NOVEMBER 30, 2017 AND 2016**

**(Expressed in Canadian Dollars)**

To the Shareholders of  
Ynvisible Interactive Inc. (formerly Network Exploration Ltd.)

### **Report on the financial statements**

We have audited the accompanying financial statements of Ynvisible Interactive Inc. (formerly Network Exploration Ltd.), which comprise the statements of financial position as at November 30, 2017 and 2016, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) as at November 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Emphasis of matter**

Without qualifying our opinion, 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 about the Company's ability to continue as a going concern.

Vancouver, Canada

March 29, 2018

*"Morgan & Company LLP"*

Chartered Professional Accountants

**YNVISIBLE INTERACTIVE INC.**  
**(formerly Network Exploration Ltd.)**

**STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian Dollars)**

	<b>As at</b>	
	<b>November 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 90,304	\$ 4,521
GST recoverable	3,169	890
Prepaid expenses	-	11,302
<b>Total current assets</b>	<b>93,473</b>	<b>16,713</b>
<b>Non-current assets</b>		
Deferred financing costs (Note 11)	70,000	45,000
Deposits (Note 11)	114,095	114,095
Loan receivable (Note 11)	49,790	49,790
<b>Total non-current assets</b>	<b>233,885</b>	<b>208,885</b>
<b>Total assets</b>	<b>\$ 327,358</b>	<b>\$ 225,598</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 7)	\$ 136,560	\$ 104,055
Other accrued liabilities	13,953	15,954
Loans payable (Note 6)	169,363	35,700
<b>Total liabilities</b>	<b>319,876</b>	<b>155,709</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	17,073,936	17,073,936
Subscriptions received	111,000	-
Share-based payments reserve	762,213	762,213
Deficit	(17,939,667)	(17,766,260)
<b>Total shareholders' equity</b>	<b>7,482</b>	<b>69,889</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 327,358</b>	<b>\$ 225,598</b>

Approved and authorized for issue on behalf of the Board of Directors on March 29, 2018:

"Alexander Helmelt"  
\_\_\_\_\_  
Director

"Jani-Mikael Kuusisto"  
\_\_\_\_\_  
Director

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

**YNVISIBLE INTERACTIVE INC.**  
**(formerly Network Exploration Ltd.)**

**STATEMENTS OF COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**

	<b>Years Ended</b>	
	<b>November 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Expenses</b>		
Consulting and management fees (Note 7)	\$ 26,000	\$ 57,600
Exploration and evaluation assets written off	-	1
Interest and bank charges (Note 6)	25,488	2,680
Marketing and promotion	7,754	5,000
Office facilities and services (Note 7)	4,719	7,188
Professional fees	25,724	41,440
Transfer and listing fees	40,400	57,594
Travel and project investigation	43,322	45,466
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (173,407)</b>	<b>\$ (216,969)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares outstanding</b>	<b>4,932,261</b>	<b>4,002,996</b>

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

**YNVISIBLE INTERACTIVE INC.**  
**(formerly Network Exploration Ltd.)**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Expressed in Canadian Dollars)**

	Class A Common Shares	Class B Common Shares	Class A Common Shares	Class B Common Shares				Total Shareholders' Equity
	Number	Number	Amount	Amount	Share Subscriptions Received	Share-based Payments Reserve	Deficit	
Balance, November 30, 2015	2,218,761	4	\$ 16,496,380	\$ 34,856	\$ 25,000	\$ 762,213	\$ (17,549,291)	\$ (230,842)
Shares issued for private placement	2,713,500	-	542,700	-	(25,000)	-	-	517,700
Net loss for the year	-	-	-	-	-	-	(216,969)	(216,969)
Balance, November 30, 2016	4,932,261	4	17,039,080	34,856	-	762,213	(17,766,260)	69,889
Share subscriptions received	-	-	-	-	111,000	-	-	111,000
Net loss for the year	-	-	-	-	-	-	(173,407)	(173,407)
<b>Balance, November 30, 2017</b>	<b>4,932,261</b>	<b>4</b>	<b>\$ 17,039,080</b>	<b>\$ 34,856</b>	<b>\$ 111,000</b>	<b>\$ 762,213</b>	<b>\$ (17,939,667)</b>	<b>\$ 7,482</b>

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**YNVISIBLE INTERACTIVE INC.**  
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**STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**

	Years ended November 30,	
	2017	2016
<b>Operating activities</b>		
Net loss for the year	\$ (173,407)	\$ (216,969)
Items not involving the use of cash		
Exploration and evaluation assets written off	-	1
Interest on loans payable	21,563	-
Changes in working capital items:		
GST recoverable	(2,279)	4,352
Prepaid expenses	11,302	(11,302)
Trade and other payables	32,505	(127,426)
Other accrued liabilities	(2,001)	-
<b>Cash used in operating activities</b>	<b>(112,317)</b>	<b>(351,344)</b>
<b>Financing activities</b>		
Proceeds on issuance of shares	-	517,700
Share subscriptions received	111,000	-
Deferred financing costs	(25,000)	(45,000)
Deposits and advances	-	(100,000)
Loan proceeds received	112,100	18,200
Loan receivable	-	(49,790)
<b>Cash provided by financing activities</b>	<b>198,100</b>	<b>341,110</b>
<b>Increase (decrease) in cash</b>	<b>85,783</b>	<b>(10,234)</b>
<b>Cash, beginning of year</b>	<b>4,521</b>	<b>14,755</b>
<b>Cash, end of year</b>	<b>\$ 90,304</b>	<b>\$ 4,521</b>

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

**YNVISIBLE INTERACTIVE INC.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016**  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**1. CORPORATE INFORMATION AND GOING CONCERN**

Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) (the “Company”) was incorporated on September 2, 1983 under the laws of British Columbia, Canada. The address of the Company’s head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1005 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Company’s principal business activity was previously the exploration and evaluation of minerals in its mineral properties. On January 19, 2018, the Company completed a transaction with YD Ynvisible S.A., whereby the Company acquired 94.18% of the issued and outstanding common shares of YD Ynvisible S.A., which constituted a reverse takeover. The Company changed its name to Ynvisible Interactive Inc. on January 11, 2018, and its principle business activity is now the development and sale of electro chromatic displays.

These financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the year ended November 30, 2017, the Company incurred a net loss of \$173,407 (2016 - \$216,969) and as at November 30, 2017, has an accumulated deficit of \$17,939,667 (2016 - \$17,766,260).

The Company’s ability to continue as a going concern, to fund work commitments and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company’s ability to continue as a going concern. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

These audited financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

**2. STATEMENT OF COMPLIANCE**

These audited financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

These financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, unless specifically indicated otherwise, which is the Company’s functional currency.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The audited financial statements have been prepared on the historical cost basis using the accrual basis of accounting, except for cash flow information and as otherwise specified, as set out in the accounting policies below.

a) Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. The functional currency is also the presentation currency.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in profit or loss in the period of translation.

At the entity level, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the date of the transaction. Income and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are credited or charged to profit or loss in the period in which they arise.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term, highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at November 30, 2017 and 2016, the Company did not have any cash equivalents.

c) Financial Instruments

The Company's financial instruments consist of cash, deposits, loan receivable, trade and other payables, and loans payable. Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivable", "available-for-sale", "held-to-maturity", or "other financial liabilities measured at amortized cost" as defined by *IAS 39, Financial Instruments - Recognition and Measurement*.

Cash and deposits are designated as fair value through profit or loss and are carried at fair value with gains or losses recognized in profit or loss.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

c) Financial Instruments (continued)

Loan receivable is designated as loans and receivable.

Trade and other payables, and loans payable are designated as other financial liabilities.

The Company has no derivative financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

d) Impairment

Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

e) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

f) Share-based Payments

The Company has a stock option plan under which it grants stock options to directors, employees and consultants.

Share-based payments are recorded as expenses for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in share-based payments reserve. Each transfer in an award is considered separately with its own vesting date and grant date fair value. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in share capital.

For equity-settled stock-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company has no cash-settled share-based payment transactions.

g) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) Income Tax (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

h) Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings/loss per share reflect the potential dilution of outstanding stock options and warrants that could share in the earnings of the Company. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

The International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee continuously issue certain new standards and interpretations. The following standards have been issued but not effective until the annual period beginning on or after December 1, 2017. The Company has not adopted the following standards and is in the process of evaluating the impact that these standards will have on the financial statements:

a) IFRS 9 Financial Instruments

IFRS 9 Financial Instrument is part of the IASB’s wider project of replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

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**4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)**

c) IFRS 16 Leases

IFRS 16 replaces the previous leases standard, IAS 17 Leases, and interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, lessee and lessor. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

**5. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES**

When preparing the financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

- The amounts disclosed related to fair values of stock options and warrants issued and the resultant effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.
- The valuation of deferred income tax assets is based on estimates of the probability of the Company utilizing certain tax pools and assets and on the impact of future changes in legislation, tax rates and interpretations by taxation authorities.

**6. LOANS PAYABLE**

As at November 30, 2017, \$21,300 (2016 - \$20,000) were due to officers of the Company and \$126,500 (2016 - \$15,000) were due to third parties. Loans payable are unsecured, payable on demand, and bear interest at rates of either 1% or 1.5% per month.

During the year ended November 30, 2017, the Company recorded \$15,396 (2016 - \$700) in interest expense and \$8,245 in loan arrangement fees that are included in the loans payable balance.

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**7. RELATED PARTY TRANSACTIONS**

Related party transactions are in the normal course of operations and measured at the amounts established and agreed to by the related parties.

Key Management Compensation

	<b>Years Ended November 30,</b>	
	<b>2017</b>	<b>2016</b>
Consulting fees charged by the CEO	<b>\$ -</b>	<b>\$ 15,000</b>
Consulting fees charged by the CFO	<b>6,500</b>	<b>8,000</b>
	<b>\$ 6,500</b>	<b>\$ 23,000</b>

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

There are no consulting or management contracts in place.

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Company incurred the following transactions:

As at November 30, 2017, trade and other payables include \$58,161 (2016 - \$25,725) due to the CEO (\$41,133) and the CFO (\$17,028). Trade and other payable amounts due to related parties are interest free, unsecured, and have no specified terms of repayment.

The Company shares office space with other companies. During the year ended November 30, 2017, the Company paid \$95,372 (2016 - \$113,869) in total rent, of which \$Nil (2016 - \$18,000) were recovered from companies with a common director and \$97,650 (2016 - \$93,267) were recovered from other companies.

**8. SHARE CAPITAL**

a) Authorized

Unlimited number of Class A common shares without par value  
Unlimited number of Class B non-voting convertible common shares without par value, convertible to Class A common shares on a 1 for 1 basis.

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**8. SHARE CAPITAL (continued)**

b) Issued

On April 4, 2016, the Company closed a non-brokered private placement (“the Offering”) issuing 2,713,500 Class A common shares at a price of \$0.20 per share for gross proceeds of \$542,700. No finder’s fees were paid in relation to this private placement. All securities issued under the Offering were subject to a statutory hold period that ended on August 5, 2016 in accordance with applicable Canadian securities laws. The proceeds of the Offering were used for general working capital.

On January 20, 2016, the Company consolidated its common shares on the basis of one new common share for every four old common shares held. On December 4, 2017, the Company further consolidated its common shares on the basis of one new common share for every two old common shares held. All references to the number of common shares and per common share amounts have been retroactively restated to reflect these common share consolidations.

The Company did not issue any common shares during the year ended November 30, 2017.

c) Escrow Shares

As at November 30, 2017 and 2016, no common shares were held in escrow.

d) Stock Options

The Company has a fixed stock option plan, which follows the policies of the TSX Venture Exchange (“TSXV”) regarding stock option awards granted to employees, directors and consultants. According to the plan, the Company may grant incentive stock options up to a total of 10% of the Company’s issued and outstanding common shares issued.

As at November 30, 2017 and 2016, there were no stock options to purchase Class A common shares outstanding. The Company did not grant any stock options during the years ended November 30, 2017 and 2016.

e) Warrants

A summary of the changes in warrants is presented below:

	<b>NUMBER OF WARRANTS</b>	<b>WEIGHTED AVERAGE EXERCISE PRICE</b>
Balance, November 30, 2015	335,126	\$ 0.80
Expired	(335,126)	0.80
<b>Balance, November 30, 2017 and 2016</b>	<b>-</b>	<b>\$ -</b>

As at November 30, 2017 and 2016, the Company did not have any warrants outstanding.

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**9. FAIR VALUES AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, deposits, loan receivable, trade and other payables, and loans payable. Cash is measured at fair value based on Level 1 input of the fair value hierarchy. The fair value of deposits, loan receivable, trade and other payables, and loans payable approximate their carrying values.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to minimal credit risk. The credit risk on cash is low because the counterparties are highly rated banks.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables and loans payable are all current. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

d) Foreign Currency Risk

The Company operates in Canada and is not exposed to currency risk.

**10. CAPITAL MANAGEMENT**

Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support its business operations. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

As the Company does not generate any revenue, the Company is dependent upon external financing to fund both future projects and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new projects and to seek to acquire an interest in additional projects, if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during year ended November 30, 2017.

The Company is not subject to externally imposed capital requirements.

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**11. COMMITMENTS**

a) Office Lease

The Company has an office lease agreement expiring June 30, 2021 and is committed to total monthly basic rental payments averaging \$4,292 from July 1, 2016 to June 30, 2021, of which a portion is recoverable from companies with a common director and other companies for sharing office space. Pursuant to the lease agreement, the Company has paid \$14,095 in a security deposit.

b) Share Exchange Agreement

On July 19, 2016, the Company entered into a share exchange agreement (the "SEA") with YD Ynvisible S.A. ("Ynvisible") pursuant to which the Company will acquire 95.53% (and later amended to 94.18%) of the issued and outstanding shares of Ynvisible in exchange for common shares of the Company. In consideration for this acquisition, the Company will issue 24,648,950 common shares at a deemed price of \$0.30 per Class A common shares for an aggregate purchase price of \$7,394,685. The shares will be subject to various escrow provisions.

Pursuant to the terms of the SEA, the majority of the Company's management and directors will be replaced with nominees of Ynvisible, and the Company will issue sufficient securities such that the transaction will constitute a Change of Business Reverse Takeover ("RTO") under the rules of the TSX Venture Exchange (the "Exchange").

Upon successful completion of the RTO, Network will cease all operations as a mining exploration company, will be listed as a Tier 2 Technology Issuer on the Exchange, and the business of Ynvisible will become the business of the Company.

In addition, the Company has agreed to pay a non-refundable deposit of \$100,000 to Ynvisible in connection with Ynvisible's up front audit, transaction and due diligence expenses (included within Deposits in the Company's statement of financial position).

The Company has also provided a bridge loan to Ynvisible in connection with the SEA in the amount of \$50,000 (included within loan receivable in the Company's statement of financial position). This loan bears interest at a rate of 12% per annum.

Concurrent with the SEA, the Company has agreed to arrange a financing for gross proceeds of no less than \$3,300,000 through the issuance of the Company's common shares at a price of \$0.30 per share.

To date, the Company has incurred \$70,000 in expenses relating to this RTO, which have been recorded as deferred financing costs in the Company's statement of financial position.

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**11. COMMITMENTS (continued)**

c) Financing

The Company has entered into an engagement letter with an agent (the "Agent") in respect of the proposed prospectus offering, which will be superseded by an agency agreement with respect to the offering, for gross proceeds of up to \$4,000,000 through the issuance of common shares of the Company at a price of \$0.30 per share (the "Offering").

The Company has granted the Agent an option (the "Over-Allotment Option"), exercisable in whole or in part, at any time and from time to time up to 48 hours prior to the closing of the Offering, to offer up to an additional 2,000,000 common shares of the Company at a price of \$0.30 per share for additional proceeds of a maximum of \$600,000 (15% of \$4,000,000) to cover over-allotments, if any.

**12. INCOME TAXES**

The Company is subject to income taxes on its statements of comprehensive loss in Canada, Chile and Peru. The statutory income tax rates were approximately 26% (2016 – 26%) in Canada, 26% (2016 - 24%) in Chile, and 30% (2016 – 28%) in Peru.

A reconciliation of the expected income tax expense (benefit) to the actual income tax expense (benefit) is as follows:

	<u>2017</u>	<u>2016</u>
Recovery at statutory rate	\$ (44,000)	\$ (56,000)
Effect of tax rate differences	12,000	-
Other	6,000	44,000
Change in tax benefits not recognized	<u>26,000</u>	<u>12,000</u>
Income taxes expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

The components of deferred income taxes are:

	<u>2017</u>	<u>2016</u>
Mineral property expenditures	\$ 390,000	\$ 398,000
Property and equipment	8,000	8,000
Non-capital losses	1,567,000	1,533,000
Tax benefits not recognized	<u>(1,965,000)</u>	<u>(1,939,000)</u>
Net deferred income tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

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**13. SUBSEQUENT EVENTS**

- On December 18, 2017, the Company closed its previously announced non-brokered private placement, whereby the Company issued 5,875,400 common shares at a price of \$0.30 per share for total gross proceeds of \$1,762,620. The Company has paid eligible finders a cash commission in the aggregate amount of \$88,092, being 6% of the aggregate proceeds from the sale of shares to purchasers introduced by the finders.
- On January 19, 2018, the Company completed a transaction with YD Ynvisible S.A., whereby the Company has acquired 94.19% of the issued and outstanding common shares of Ynvisible through the issuance of 25,991,831 common shares, which acquisition constitutes a reverse takeover transaction (“RTO”) pursuant to the policies of the TSX Venture Exchange. Subsequent to the completion of the transaction with YD Ynvisible S.A., the Company repaid all outstanding loans to related and non-related parties. Concurrent with the RTO, the Company closed a prospectus offering of 15,333,332 shares at a price of \$0.30 per share. The Company issued 83,333 common shares and paid cash as finders’ fees relating to this offering.
- On February 21, 2018, the Company granted 1,600,000 incentive stock options to employees and consultants of the Company at an exercise price of \$0.40 per share. The options are exercisable for a period of one year (1,250,000 options) or five years (350,000 options) and are subject to the approval of the TSX Venture Exchange.
- Subsequent to year-end, the Company repaid \$147,800 in principal, \$13,318 in accrued interest, and \$8,245 in loan arrangement fees relating to loans payable (Note 6).