



VOLEO TRADING SYSTEMS INC.

(FORMERLY “LOGAN RESOURCES LTD.”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

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

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

The accompanying unaudited condensed consolidated interim financial statements of Voleo Trading Systems Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)

	AS AT SEPTEMBER 30, 2019	AS AT DECEMBER 31, 2018
ASSETS		
Current assets		
Cash	\$ 1,981,507	\$ 239,361
Amounts receivable (note 4)	21,287	9,004
Prepaid expenses (note 5)	288,764	47,207
Promissory note receivable (note 6)	-	109,780
Investment (note 7)	175,500	-
	<u>2,467,058</u>	<u>405,352</u>
Deposits (note 8)	204,574	47,890
Equipment (note 9)	9,564	1,716
	<u>\$ 2,681,196</u>	<u>\$ 454,958</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 11)	\$ 522,210	\$ 182,509
Equity		
Share capital (note 12)	12,153,999	5,805,559
Other equity reserves	1,356,580	791,547
Share subscriptions received (note 12)	98,527	-
Accumulated other comprehensive income	4,298	4,740
Deficit	(11,454,418)	(6,329,397)
	<u>2,158,986</u>	<u>272,449</u>
	<u>\$ 2,681,196</u>	<u>\$ 454,958</u>

Nature of operations and going concern (note 1)
 Commitments (note 15)

Approved on November 20, 2019 on behalf of the Board of Directors:

“Jay Sujir” Director
 Jay Sujir

“Mark Morabito” Director
 Mark Morabito

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)

	THREE MONTH PERIODS		NINE MONTH PERIODS	
	ENDED SEPTEMBER 30,		ENDED SEPTEMBER 30,	
	2019	2018	2019	2018
REVENUE	\$ 4,583	\$ 3,475	\$ 14,874	\$ 7,600
EXPENSES (note 13)				
Marketing and investor relations	474,372	61,429	768,124	161,931
General and administration	330,277	202,315	629,089	369,104
Research and development	135,411	144,791	402,092	408,516
Commercialization and licensing	67,100	-	167,594	-
Broker dealer compliance	25,086	24,982	79,448	74,273
Clearing and execution	40,284	2,312	43,067	3,859
	(1,072,530)	(435,829)	(2,089,414)	(1,017,683)
OTHER ITEMS				
Listing expense (note 3)	-	-	(2,952,937)	-
Interest income	12,974	1,441	23,606	4,152
Loss on forgiveness of promissory note (note 6)	(113,731)	-	(113,731)	-
Foreign exchange loss	(6,141)	(1,231)	(7,419)	(3,508)
	(106,898)	210	(3,050,481)	644
LOSS FOR THE PERIOD	(1,174,845)	(432,144)	(5,125,021)	(1,009,439)
Cumulative translation adjustment	3,096	(803)	(442)	374
COMPREHENSIVE LOSS FOR THE PERIOD	\$ (1,171,749)	\$ (432,947)	\$ (5,125,463)	\$ (1,009,065)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.06)	\$ (0.02)
Weighted average number of common shares outstanding	107,653,867	77,498,616	92,318,347	76,269,103

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)

	NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019	NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018
OPERATING ACTIVITIES		
Loss for the period	\$ (5,125,021)	\$ (1,009,439)
Items not affecting cash:		
Listing expense	2,952,937	-
Loss on forgiveness of promissory note	113,731	-
Share-based payments	346,447	-
Common shares issued for services	-	140,000
Interest income accrued	(3,961)	(4,120)
Depreciation	1,532	735
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(87,177)	29,183
Amounts receivable	(9,373)	(3,972)
Deposits	(150,098)	-
Prepaid expenses	(182,739)	13,859
Cash used in operating activities	<u>(2,143,722)</u>	<u>(833,754)</u>
INVESTING ACTIVITIES		
Reverse takeover transaction	2,610	-
Purchase of equipment	(9,380)	-
Cash used in investing activities	<u>(6,770)</u>	<u>-</u>
FINANCING ACTIVITIES		
Promissory note receivable	10	-
Issuance of common shares	4,322,400	780,776
Share subscriptions received	98,527	-
Share issue costs	(527,021)	(15,207)
Cash provided by financing activities	<u>3,893,916</u>	<u>765,569</u>
Net change in cash during the period	1,743,424	(68,185)
Effect of foreign exchange on cash	(1,278)	(1,061)
Cash, beginning of the period	<u>239,361</u>	<u>244,925</u>
Cash, end of the period	<u>\$ 1,981,507</u>	<u>\$ 175,679</u>
Cash received for		
Interest	\$ 19,569	\$ 32
Taxes	\$ -	\$ -

Supplemental disclosures with respect to cash flows (note 14)

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	NUMBER OF COMMON SHARES	SHARE CAPITAL	OTHER EQUITY RESERVES	SHARE SUBSCRIPTIONS RECEIVED	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance, December 31, 2017	72,421,605	\$ 4,542,795	\$ 734,790	\$ -	\$ (4,954,660)	\$ 2,117	\$ 325,042
Private placement (note 12)	3,792,338	780,776	-	-	-	-	780,776
Bonus shares (note 12)	359,773	-	-	-	-	-	-
Exercise of stock options (note 12)	367,880	55,147	(3,147)	-	-	-	52,000
Shares issued for services (notes 12 and 15)	680,000	140,000	-	-	-	-	140,000
Share issue costs (note 12)	17,000	(15,207)	-	-	-	-	(15,207)
Loss for the period	-	-	-	-	(1,009,439)	-	(1,009,439)
Translation adjustment	-	-	-	-	-	374	374
Balance, September 30, 2018	77,638,596	5,503,511	731,643	-	(5,964,099)	2,491	273,546
Private placement (note 12)	1,487,128	306,173	-	-	-	-	306,173
Share issue costs (note 12)	-	(4,125)	-	-	-	-	(4,125)
Share-based payments (note 15)	-	-	59,904	-	-	-	59,904
Loss for the period	-	-	-	-	(365,298)	-	(365,298)
Translation adjustment	-	-	-	-	-	2,249	2,249
Balance, December 31, 2018	79,125,724	5,805,559	791,547	-	(6,329,397)	4,740	272,449
Private placement (note 12)	1,055,600	263,900	-	-	-	-	263,900
Fractional rounding due to share exchange (note 3)	(23)	-	-	-	-	-	-
Reverse takeover transaction (note 3)	11,115,786	2,778,946	43,057	-	-	-	2,822,003
Prospectus offering (note 12)	16,234,000	4,058,500	-	-	-	-	4,058,500
Share issue costs (note 12)	122,780	(752,906)	175,529	-	-	-	(577,377)
Share subscription receipts (note 12)	-	-	-	98,527	-	-	98,527
Share-based payments (notes 12 and 15)	-	-	346,447	-	-	-	346,447
Loss for the period	-	-	-	-	(5,125,021)	-	(5,125,021)
Translation adjustment	-	-	-	-	-	(442)	(442)
Balance, September 30, 2019	107,653,867	\$ 12,153,999	\$ 1,356,580	\$ 98,527	\$ (11,454,418)	\$ 4,298	\$ 2,158,986

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(Unaudited)
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Voleo Trading Systems Inc. (formerly “Logan Resources Ltd.”) (the “Company” or “Voleo”) is a mobile-focused fintech company and has developed mobile applications and software platforms to meet the investment expectations of investors, including social trading applications for stocks. The Company’s applications facilitate investment clubs and individual accounts where all users have access to a community of investors. The Company’s wholly owned subsidiary, Voleo USA, Inc. (“Voleo USA”), is a Financial Industry Regulatory Authority (“FINRA”) member operating as a broker-dealer and registered with the U.S. Securities and Exchange Commission (the “SEC”).

The Company’s common shares trade on the TSX Venture Exchange (“TSX-V” or the “Exchange”) under the symbol “TRAD” and its registered and records office is #1240 – 1140 West Pender Street, Vancouver, British Columbia, Canada, V6E 4G1.

These condensed consolidated interim financial statements have been prepared on a going concern basis. This presumes funds will be available to finance ongoing development, operations and capital expenditures, and the realization of assets and payment of liabilities in the normal course of operations for the foreseeable future.

As at September 30, 2019, the Company had a working capital of \$1,944,848 and an accumulated deficit of \$11,454,418. During the nine month period ended September 30, 2019, the Company completed equity financing for gross proceeds in the amount of \$4,322,400 (note 12); the proceeds of which will be used to further the business objectives of the Company and for working capital purposes. At present, the Company has no material operating income or cash flows. The Company intends to finance its future requirements through equity issuances. There is no assurance that the Company will be able to obtain additional financing or obtain it on favorable terms. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments related to the recoverability of assets and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of Voleo, Inc. for the year ended December 31, 2018.

**VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(Unaudited)
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2. BASIS OF PRESENTATION *(continued)*

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Voleo, Inc., Voleo USA and Cryptoleo, Inc. All intercompany transactions and balances have been eliminated on consolidation.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities as at the date of the financial statements, and expenses for the periods reported.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (a) The recoverability of receivables, prepayments and deposits that are included in the condensed consolidated interim statements of financial position.
- (b) The fair value of stock options, warrants and compensation options, which requires the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.
- (c) The fair value of the investment for which a quoted market price in an active market is not available.
- (d) The recoverability of deferred tax assets based on the assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions.
- (e) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements of Voleo, Inc. for the year ended December 31, 2018 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

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3. REVERSE TAKEOVER TRANSACTION (“RTO”)

On May 28, 2019, the Company acquired all of the issued and outstanding shares of Voleo, Inc. by completing a three-cornered amalgamation pursuant to a definitive agreement dated January 29, 2018 (the “Transaction”). The shareholders of Voleo, Inc. exchanged all of their issued and outstanding common shares for 81,181,301 common shares of the Company as consideration. 1.7 common shares of the Company were issued in exchange for every one common share held of Voleo, Inc. Outstanding warrants and stock options of the Company and Voleo, Inc. automatically became exercisable for or could be exchanged for options to acquire common shares of the Company, subject to all necessary adjustments to reflect the terms of the Transaction and subject to the terms governing the warrants and stock options.

As a condition to the Transaction, the Company consolidated its common shares on the basis of one post-consolidated share for every five pre-consolidated common shares held. All references to common shares and per common share amounts have been retroactively restated to reflect the consolidation and share exchange.

Prior to the Transaction, the Company was a dormant publicly listed company and did not meet the definition of a business. Accordingly, the Transaction has been accounted for as a purchase of the net liabilities of the Company by Voleo, Inc. The purchase consideration was determined as an equity-settled share-based payment in accordance with IFRS 2, *Share-based payment*, at the fair value of the equity instruments retained by the shareholders of the Company. The determination of the fair value of the equity instruments is detailed below.

For financial reporting purposes, the Company is considered a continuation of Voleo, Inc., the legal subsidiary, except with regard to authorized and issued share capital which is that of the Company, the legal parent. Consequently, comparative amounts in these condensed consolidated interim financial statements are those of Voleo, Inc. only.

The Transaction was recorded as follows:

Consideration:		
Value of equity instruments	\$	2,822,003
Value of net liabilities:		
Cash	\$	2,610
Amounts receivable		2,910
Prepaid expenses		58,818
Investment (note 7)		175,500
Deposit (note 8)		5,750
Accounts payable and accrued liabilities (note 10)		(376,522)
	\$	(130,934)
Listing expense	\$	2,952,937

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3. REVERSE TAKEOVER TRANSACTION (“RTO”) (continued)

The fair value of equity instruments in the amount of \$2,822,003 includes:

- (a) 11,115,786 outstanding common shares of the Company valued at \$2,778,946 or \$0.25 per common share which was the price per common share for the concurrent prospectus offering completed (note 12);
- (b) 4,400,000 outstanding warrants of the Company valued at \$4 which was determined using the Black-Scholes Option Pricing Model and the following assumptions: risk-free interest rate of 0.86%, expected life of 0.18 years, annualized volatility of 100%, and dividend yield of 0% (note 12); and
- (c) 480,000 outstanding stock options of the Company valued at \$43,053 which was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: risk-free interest rate of 1.57%, expected life of 2.23 years, annualized volatility of 100%, and dividend yield of 0% (note 12).

4. AMOUNTS RECEIVABLE

	SEPTEMBER 30, 2019	DECEMBER 31, 2018
Sales tax receivable	\$ 21,178	\$ 7,915
Other receivables	109	1,089
	\$ 21,287	\$ 9,004

5. PREPAID EXPENSES

	SEPTEMBER 30, 2019	DECEMBER 31, 2018
Marketing and investor relations	\$ 175,259	\$ -
Insurance	48,514	-
Research and development	33,750	-
Other	16,214	998
Regulatory	8,710	-
Broker dealer compliance	6,317	23,459
Deferred transaction costs	-	22,750
	\$ 288,764	\$ 47,207

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6. PROMISSORY NOTE RECEIVABLE

On February 25, 2015, the Company executed a promissory note in the amount of \$100,000 which was receivable from a company controlled by the Chief Executive Officer (the “CEO”) (the “Promissory Note”) and personally guaranteed by the CEO. The Promissory Note was used by the CEO to purchase 850,000 common shares of Voleo, Inc.

The Promissory Note was non-interest bearing and had an initial maturity date of February 25, 2017. Following the maturity date, the Promissory Note was payable upon demand by the Company and bore interest at the Royal Bank of Canada prime lending rate plus 2%.

During the nine month period ended September 30, 2019, the Company accrued interest income in the amount of \$3,961 (2018 - \$4,120) with respect to the Promissory Note.

During the nine month period ended September 30, 2019, the Company and the CEO entered into a debt settlement and release agreement pursuant to which the Promissory Note was extinguished for cash consideration in the amount of \$10. As a result, the Company recorded a loss on forgiveness in the amount of \$113,731 which included the principal balance of the Promissory Note in the amount of \$100,000 and accrued interest in the amount of \$13,741, net of cash consideration received from the CEO in the amount of \$10.

As at September 30, 2019, the balance of promissory note receivable includes the principal balance in the amount of \$nil (December 31, 2018 - \$100,000) and accrued interest in the amount of \$nil (December 31, 2018 - \$9,780).

7. INVESTMENT

As at September 30, 2019, the balance of the investment includes 1,300,000 common shares held of K2 Resources Inc. with a fair value of \$175,500 which were acquired pursuant to the Transaction (note 3).

8. DEPOSITS

	SEPTEMBER 30, 2019	DECEMBER 31, 2018
Clearing deposit	\$ 198,824	\$ 47,890
Corporate credit card deposit	5,750	-
	\$ 204,574	\$ 47,890

Clearing deposit

On April 28, 2016, Voleo USA entered into a fully disclosed clearing agreement (the “Clearing Agreement”) with Apex Clearing Corporation (“Apex”) whereby Apex performs the function of a clearing broker to maintain cash, margin, option or other accounts for Voleo USA and its customers. Pursuant to the Clearing Agreement, Voleo USA is required to maintain a minimum deposit account with Apex (the “Deposit Account”) (note 15).

VOLEO TRADING SYSTEMS INC.
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SEPTEMBER 30, 2019
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8. DEPOSITS *(continued)*

Clearing deposit *(continued)*

During the nine month period ended September 30, 2019, the Company deposited an additional \$150,098 (2018 - \$nil), earned interest income in the amount of \$60 (2018 - \$32) and recorded an unrealized foreign exchange gain in the amount of \$776 (2018 - \$1,403) in connection with the Deposit Account.

Corporate credit card deposit

As at September 30, 2019, the Company had \$5,750 (December 31, 2018 - \$nil) as a deposit for a corporate credit card. The deposit was acquired pursuant to the Transaction (note 3) and is automatically renewed at maturity.

9. EQUIPMENT

	Equipment	
Cost		
Balance, December 31, 2017 and 2018	\$	2,942
Additions		9,380
Balance, September 30, 2019	\$	12,322
Accumulated Depreciation		
Balance, December 31, 2017	\$	245
Depreciation		981
Balance, December 31, 2018		1,226
Depreciation		1,532
Balance, September 30, 2019	\$	2,758
Net book value		
As at December 31, 2018	\$	1,716
As at September 30, 2019	\$	9,564

For the nine month period ended September 30, 2019, depreciation expense in the amount of \$1,532 (2018 - \$735) was included in research and development expenses in the condensed consolidated interim statements of loss and comprehensive loss.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	SEPTEMBER 30, 2019	DECEMBER 31, 2018
Trade payables	\$ 425,361	\$ 157,424
Accrued liabilities	96,849	25,085
	\$ 522,210	\$ 182,509

As at September 30, 2019, accounts payable and accrued liabilities include \$50,356 (December 31, 2018 - \$nil) with respect to share issue costs (note 12).

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11. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties and related party transactions impacting the condensed consolidated interim financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company’s Board of Directors, and corporate officers, including the Company’s Chief Executive Officer and Chief Financial Officer.

Remuneration attributed to key management personnel for the nine month periods ended September 30, 2019 and 2018 can be summarized as follows:

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Share-based payments (notes 12 and 15)	\$ 191,695	\$ -
Short-term benefits	176,999	101,586
	\$ 368,694	\$ 101,586

Other related party transactions

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, for the nine month periods ended September 30, 2019 and 2018 include the following:

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
King & Bay West Management Corp.	\$ 198,919	\$ 106,423
SecuritiesLawUSA, PC	6,544	-
	\$ 205,463	\$ 106,423

King & Bay West Management Corp. (“King & Bay West”): King & Bay West is an entity that is controlled by the Executive Chairman of the Company and employs or retains officers and certain consultants of the Company. King & Bay West provides administrative, regulatory, legal, finance, and corporate development services to the Company.

Kewpac Investments Inc. (“Kewpac”): Kewpac is an entity that is controlled by a director of the Company and provides corporate advisory services with respect to commercializing and licensing (note 15).

SecuritiesLawUSA, PC: SecuritiesLawUSA, PC is a law firm that is controlled by a director of the Company and provides regulatory and legal services to the Company.

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11. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

Related party balances

Accounts payable and accrued liabilities

As at September 30, 2019, accounts payable and accrued liabilities include the following amounts due to related parties:

- CEO of the Company - \$7,289 (December 31, 2018 - \$5,246) with respect to expenses incurred on behalf of the Company.
- Momentum Ventures Inc., a company controlled by the CEO of the Company - \$15,750 (December 31, 2018 - \$10,500) with respect to consulting services.
- King & Bay West - \$182,115 (December 31, 2018 - \$57,694) with respect to the services described above.
- Share Results Inc., a company controlled by a director of the Company - \$12,625 (December 31, 2018 - \$nil) with respect to consulting services and expenses incurred on behalf of the Company.

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Equity

During the nine month period ended September 30, 2018, the Company issued 103,738 common shares to related parties for \$nil consideration as follows:

- 8,500 common shares to a family member of the CEO of the Company;
- 35,626 common shares to King & Bay West;
- 5,780 common shares to the family members of a director of the Company;
- 8,500 common shares to the CEO of the Company; and
- 45,332 common shares to a company controlled by a director of the Company.

The common shares were issued pursuant to subscription agreements executed during the year ended December 31, 2016 whereby the subscribers received an additional 10% common shares in the event that the Company did not complete by January 1, 2018 (i) an initial public offering; (ii) another transaction as a result of which all outstanding common shares of the Company, or the securities of another issuer issued in exchange for all such outstanding common shares of the Company, are traded on a recognized stock exchange and are freely tradable; or (iii) a transaction as a result of which all outstanding common shares of the Company are acquired for cash consideration.

12. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

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12. SHARE CAPITAL *(continued)*

Common share issuances

During the nine month period ended September 30, 2019, the Company issued 1,055,600 units for gross proceeds of \$263,900. Each unit consists of one common share and one-half of one warrant. 527,798 warrants were issued with an exercise price of \$0.40 and expiry of April 30, 2021. The Company incurred share issue costs in the amount of \$5,695. The Company also issued 22,780 units to agents. Each unit issued to the agents consists of one common share and one warrant with an exercise price of \$0.40 and expiry of April 30, 2021. The common shares and warrants issued to the agents had fair values of \$5,695 and \$4,018, respectively, which were recorded as share issue costs.

During the nine month period ended September 30, 2019, the Company closed a prospectus offering in connection with the Transaction and issued 16,234,000 units for gross proceeds of \$4,058,500. Each unit consists of one common share and one-half of one warrant. 8,117,000 warrants were issued with an exercise price of \$0.40 and expiry of April 30, 2021. In connection with the prospectus offering, the Company incurred share issue costs in the amount of \$571,682 of which \$50,356 is included in accounts payable and accrued liabilities as of September 30, 2019. The Company also issued to agents (i) 100,000 units to agents with a fair value of \$25,000 and each unit consisting of one common share and one-half of one warrant with an exercise price of \$0.40 and expiry of April 30, 2021, and (ii) 1,298,720 compensation options with an exercise price of \$0.25, expiry of April 30, 2021 and fair value of \$171,511.

During the year ended December 31, 2018, the Company issued 6,327,346 common shares for private placements, exercise of stock options and services rendered for total consideration of \$1,278,949. The consideration included cash received of \$1,084,449, settlement of accounts payable of \$43,700, consulting services received of \$140,000 and settlement of a shareholder loan of \$10,800. In addition, the Company incurred cash share issue costs in the amount of \$19,332 with respect to the share issuances.

During the year ended December 31, 2018, the Company issued 359,773 common shares for \$nil consideration pursuant to certain subscription agreements executed during the year ended December 31, 2016 whereby the subscribers received an additional 10% common shares in the event that the Company did not complete by January 1, 2018 (i) an initial public offering; (ii) another transaction as a result of which all outstanding common shares of the Company, or the securities of another issuer issued in exchange for all such outstanding common shares of the Company, are traded on a recognized stock exchange and are freely tradable; or (iii) a transaction as a result of which all outstanding common shares of the Company are acquired for cash consideration.

During the year ended December 31, 2018, the Company issued 17,000 common shares valued at \$3,500 to a third party as finders' fees in connection with an equity financing completed.

Share subscriptions received

As at September 30, 2019, the Company had received share subscriptions in the amount of \$98,527 (December 31, 2018 - \$nil) for which common shares had not yet been issued. The amount received relates to an agreement with Fidelity Information Services, LLC for the right to purchase common shares of the Company (note 15).

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12. SHARE CAPITAL *(continued)*

Stock options

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the “Plan”). The maximum price shall not be less than the closing price of the common shares on the last trading day preceding the date on which the grant of options is approved by the Board of Directors. Options have a maximum expiry period of ten years from the grant date. The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant.

Pursuant to the Plan, options granted in respect of investor relations activities are subject to vesting restrictions, such that one-quarter of the options vest three months from the grant date and in each subsequent three-month period thereafter such that the entire option will have vested twelve months after the award date. Vesting restrictions may also be applied to certain other option grants, at the discretion of the directors.

The following table summarizes stock option activity for the nine month period ended September 30, 2019 and the year ended December 31, 2018:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2017	3,782,500	\$0.22
Exercised	(367,880)	\$0.14
Expired	(732,700)	\$0.12
Outstanding, December 31, 2018	2,681,920	\$0.25
Issued	4,429,000	\$0.25
Reverse takeover transaction (note 3)	480,000	\$0.59
Expired	(578,000)	\$0.16
Forfeited	(175,000)	\$0.25
Outstanding, September 30, 2019	6,837,920	\$0.28

During the year ended December 31, 2018, the Company issued 367,880 common shares pursuant to the exercise of 367,880 stock options. The fair value of the stock options in the amount of \$3,147 was credited to share capital.

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12. SHARE CAPITAL *(continued)*

Stock options *(continued)*

As at September 30, 2019, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry date
600,000	125,000	\$0.25	0.08	October 30, 2019
1,814,920	1,814,920	\$0.29	0.19	December 8, 2019
50,000	50,000	\$0.60	0.56	April 19, 2020
204,000	204,000	\$0.18	0.81	July 20, 2020
85,000	85,000	\$0.18	1.31	January 20, 2021
410,000	410,000	\$0.60	1.85	August 4, 2021
3,674,000	-	\$0.25	4.67	May 28, 2024
6,837,920	2,688,920			

The Company recognizes share-based payment expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options.

During the nine month period ended September 30, 2019, the Company recognized share-based payment expense with respect to stock options in the amount of \$304,976 which was included in general and administration, research and development and marketing and investor relations expenses in the amounts of \$188,236, \$26,677 and \$90,063, respectively. No share-based payment expense was recorded during the nine month period ended September 30, 2018 with respect to stock options.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the nine month periods ended September 30, 2019 and 2018:

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Risk-free interest rate	1.44%	-
Expected life (years)	5	-
Annualized volatility	100%	-
Dividend yield	-%	-

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12. SHARE CAPITAL *(continued)*

Warrants

The following table summarizes warrant activity for the nine month period ended September 30, 2019 and the year ended December 31, 2018:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2017 and 2018	847,570	\$0.12
Issued	8,717,578	\$0.40
Reverse takeover transaction (note 3)	4,400,000	\$1.50
Expired	(4,400,000)	\$1.50
Outstanding, September 30, 2019	9,565,148	\$0.37

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of compensatory warrants. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the nine month periods ended September 30, 2019 and 2018:

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Risk-free interest rate	1.56%	-
Expected life (years)	2	-
Annualized volatility	100%	-
Dividend yield	-%	-

As at September 30, 2019, the following warrants were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
8,717,578	\$0.40	1.58	April 30, 2021
847,570	\$0.12	5.40	February 20, 2025
9,565,148			

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12. SHARE CAPITAL *(continued)*

Compensation options

The following table summarizes compensation option activity for the nine month period ended September 30, 2019 and the year ended December 31, 2018:

	Number of compensation options	Weighted average exercise price
Outstanding, December 31, 2017 and 2018	-	-
Issued	1,298,720	\$0.25
Outstanding, September 30, 2019	1,298,720	\$0.25

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of compensation options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the nine month periods ended September 30, 2019 and 2018:

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Risk-free interest rate	1.56%	-
Expected life (years)	2.00	-
Annualized volatility	100%	-
Dividend yield	-%	-

As at September 30, 2019, the following compensation options were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
1,298,720 ⁽¹⁾	\$0.25	1.59	April 30, 2021

⁽¹⁾ Each compensation option is exercisable into one share and one half of an additional compensation option. Each additional compensation option has an exercise price of \$0.40 and expires on April 30, 2021.

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13. EXPENSES BY NATURE

	THREE MONTH PERIODS ENDED SEPTEMBER 30,		NINE MONTH PERIODS ENDED SEPTEMBER 30,	
	2019	2018	2019	2018
Consulting	\$ 251,465	\$ 275,789	\$ 617,612	\$ 616,000
Marketing and public relations	314,492	30,992	515,482	83,176
Share-based payments (notes 12 and 15)	235,343	-	346,447	-
Professional fees	84,008	21,903	198,307	88,545
Salaries and benefits	37,875	67,826	118,434	111,967
Travel	23,224	743	84,559	20,437
Computer and software	20,989	19,573	55,504	45,177
Regulatory and compliance	37,893	5,739	51,750	16,876
Clearing and execution	40,284	2,312	43,067	3,859
Office and miscellaneous	18,266	2,600	32,411	11,692
Rent	8,094	8,107	24,309	19,219
Depreciation (note 9)	597	245	1,532	735
	\$ 1,072,530	\$ 435,829	\$ 2,089,414	\$ 1,017,683

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Non-cash transactions from investing or financing activities during the nine month period ended September 30, 2019 are summarized below:

- The Company recognized a listing expense in the amount of \$2,952,937 pursuant to the Transaction (note 3).
- The Company issued warrants and compensation options to agents in connection with a private placement and a prospectus offering. The fair value in the amount of \$175,529 was recorded as share issue costs (note 12).
- The Company recognized a loss on forgiveness of the Promissory Note in the amount of \$113,731 comprised of the principal balance in the amount of \$100,000 and accrued interest in the amount of \$13,741, net of cash consideration received in the amount of \$10 (note 6).
- As at September 30, 2019, accounts payable and accrued liabilities include \$50,356 with respect to share issue costs (note 10).

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14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS *(continued)*

Non-cash transactions from investing or financing activities during the nine month period ended September 30, 2018 are summarized below:

- The Company issued 680,000 common shares valued at \$140,000 for services (notes 12 and 15).
- The Company issued 191,080 common shares to settle accounts payable in the amount of \$31,200 (note 12).
- The Company issued 85,000 common shares to a director of the Company pursuant to the exercise of stock options for which \$10,000 was received subsequent to the nine month period ended September 30, 2018.
- The Company issued 91,800 common shares which was applied to amounts due to a shareholder in the amount of \$10,800 (note 12).

15. COMMITMENTS

Apex Clearing Agreement

Voleo USA entered into the Clearing Agreement with Apex whereby Apex performs the function of a clearing broker to maintain cash, margin, option or other accounts for Voleo USA and its customers.

Pursuant to the Clearing Agreement, as amended, Voleo USA is required to maintain a minimum balance in the Deposit Account (note 8). During the nine month period ended September 30, 2019, Voleo USA increased the balance of the Deposit Account to US\$150,000 in accordance with the Clearing Agreement.

In addition, the Clearing Agreement, as amended, requires minimum monthly clearance payments, in the amount of US\$10,000 effective July 1, 2019.

Kewpac Consulting Agreement

On December 1, 2017, the Company entered into a consulting agreement with Kewpac to perform the functions of a corporate advisor (the “Kewpac Consulting Agreement”) (note 11).

Pursuant to the Kewpac Consulting Agreement, the Company shall issue up to a total of 1,700,000 common shares of the Company to Kewpac in installments upon the achievement of certain milestones relating to commercialization of business-to-business (“B2B”) activities.

During the year ended December 31, 2018, the Company issued 680,000 common shares valued at \$140,000 pursuant to the Kewpac Consulting Agreement and related milestones (note 12).

As of September 30, 2019, there remains 1,020,000 common shares of the Company issuable to Kewpac upon the achievement of certain milestones defined in the Kewpac Consulting Agreement. During the nine month period ended September 30, 2019, the Company recognized share-based payments expense in the amount of \$41,471 (2018 - \$nil) based on the estimate that a significant portion of the shares will vest. The share-based payments expense was based on a share price of \$0.21 and included in commercialization and licensing within the condensed consolidated interim statements of loss and comprehensive loss.

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15. COMMITMENTS *(continued)*

FIS Agreement

On April 29, 2019, the Company executed an agreement with Fidelity Information Services, LLC (“FIS”) which provided FIS the right to purchase up to US\$75,000 (the “Purchase Amount”) in common shares to be paid in three equal installments of US\$25,000 based on certain milestones completed by the Company by July 19, 2019.

As at September 30, 2019, the Company had received \$98,527 (US\$75,000) from FIS which is included in the balance of share subscriptions received (note 12).