



VOLEO TRADING SYSTEMS INC.

(FORMERLY “LOGAN RESOURCES LTD.”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(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, 2020	AS AT DECEMBER 31, 2019
ASSETS		
Current assets		
Cash	\$ 569,758	\$ 1,449,109
Amounts receivable (note 4)	6,675	30,122
Prepaid expenses (note 5)	59,252	201,572
Investment (note 6)	1	1
	<u>635,686</u>	<u>1,680,804</u>
Deposits (note 7)	7,601	200,595
Equipment (note 8)	5,851	8,537
	<u>\$ 649,138</u>	<u>\$ 1,889,936</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 9 and 10)	\$ 250,601	\$ 584,822
Obligation to issue common shares (note 11)	-	98,527
	<u>250,601</u>	<u>683,349</u>
Equity		
Share capital (note 11)	12,475,333	12,148,811
Other equity reserves	1,375,744	1,439,422
Accumulated other comprehensive income	5,826	71
Deficit	<u>(13,458,366)</u>	<u>(12,381,717)</u>
	<u>398,537</u>	<u>1,206,587</u>
	<u>\$ 649,138</u>	<u>\$ 1,889,936</u>

Nature of operations and going concern (note 1)
 Commitments (note 15)
 Subsequent events (note 16)

Approved on November 27, 2020 on behalf of the Board of Directors:

“Mark Lotz” Director
 Mark Lotz

“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,	
	2020	2019	2020	2019
REVENUE	\$ 10	\$ 4,583	\$ 10,071	\$ 14,874
EXPENSES (note 12)				
General and administration	2,337	330,277	484,879	629,089
Research and development	(27,574)	135,411	224,936	402,092
Marketing and investor relations	(18,628)	474,372	210,575	768,124
Clearing and execution	38,755	40,284	123,382	43,067
Broker dealer compliance	7,183	25,086	56,270	79,448
Commercialization and licensing	830	67,100	(11,218)	167,594
	(2,903)	(1,072,530)	(1,088,824)	(2,089,414)
OTHER ITEMS				
Listing expense (note 3)	-	-	-	(2,952,937)
Interest income	601	12,974	6,442	23,606
Loss on forgiveness of promissory note	-	(113,731)	-	(113,731)
Foreign exchange gain (loss)	77	(6,141)	(4,338)	(7,419)
	678	(106,898)	2,104	(3,050,481)
LOSS FOR THE PERIOD	(2,215)	(1,174,845)	(1,076,649)	(5,125,021)
Cumulative translation adjustment	6,616	3,096	(5,826)	(442)
COMPREHENSIVE LOSS FOR THE PERIOD	\$ 4,401	\$ (1,171,749)	\$ (1,082,475)	\$ (5,125,463)
Basic and diluted loss per common share	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ (0.56)
Weighted average number of common shares outstanding	11,716,641	10,765,387	11,259,850	9,231,835

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, 2020	NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019
OPERATING ACTIVITIES		
Loss for the period	\$ (1,076,649)	\$ (5,125,021)
Items not affecting cash:		
Listing expense	-	2,952,937
Loss on forgiveness of promissory note	-	113,731
Share-based payments (recoveries)	(58,878)	346,447
Interest income accrued	-	(3,961)
Depreciation	3,176	1,532
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(111,026)	(87,177)
Amounts receivable	23,447	(9,373)
Deposits	192,549	(150,098)
Prepaid expenses	142,320	(182,739)
Cash used in operating activities	<u>(885,061)</u>	<u>(2,143,722)</u>
INVESTING ACTIVITIES		
Reverse takeover transaction	-	2,610
Purchase of equipment	(490)	(9,380)
Cash used in investing activities	<u>(490)</u>	<u>(6,770)</u>
FINANCING ACTIVITIES		
Promissory note receivable	-	10
Issuance of common shares	-	4,322,400
Share subscriptions received	-	98,527
Share issue costs	-	(527,021)
Cash provided by financing activities	<u>-</u>	<u>3,893,916</u>
Net change in cash during the period	(885,551)	1,743,424
Effect of foreign exchange on cash	6,200	(1,278)
Cash, beginning of the period	<u>1,449,109</u>	<u>239,361</u>
Cash, end of the period	<u>\$ 569,758</u>	<u>\$ 1,981,507</u>
Cash received for		
Interest	<u>\$ 5,872</u>	<u>\$ 19,569</u>

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	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance, December 31, 2018	7,912,572	\$ 5,805,559	\$ 791,547	\$ (6,329,397)	\$ 4,740	\$ 272,449
Private placement (note 11)	105,560	263,900	-	-	-	263,900
Fractional rounding due to share exchange (note 3)	(2)	-	-	-	-	-
Reverse takeover transaction (note 3)	1,111,579	2,778,946	43,057	-	-	2,822,003
Prospectus offering (note 11)	1,623,400	4,058,500	-	-	-	4,058,500
Share issue costs (note 11)	12,278	(752,906)	175,529	-	-	(577,377)
Share-based payments (notes 11 and 15)	-	-	346,447	-	-	346,447
Loss for the period	-	-	-	(5,125,021)	-	(5,125,021)
Translation adjustment	-	-	-	-	(442)	(442)
Balance, September 30, 2019	10,765,387	12,153,999	1,356,580	(11,454,418)	4,298	2,060,459
Share issue costs (note 11)	-	(5,188)	5,188	-	-	-
Share-based payments (notes 11 and 15)	-	-	77,654	-	-	77,654
Loss for the period	-	-	-	(927,299)	-	(927,299)
Translation adjustment	-	-	-	-	(4,227)	(4,227)
Balance, December 31, 2019	10,765,387	12,148,811	1,439,422	(12,381,717)	71	1,206,587
Exercise of restricted share units (note 11)	20,000	4,800	(4,800)	-	-	-
Shares issued upon settlement of obligation (note 11)	39,504	98,527	-	-	-	98,527
Fractional rounding due to share consolidation (note 11)	(41)	-	-	-	-	-
Shares issued upon settlement of debt (note 11)	892,780	223,195	-	-	-	223,195
Share-based payment recoveries (notes 11 and 15)	-	-	(58,878)	-	-	(58,878)
Loss for the period	-	-	-	(1,076,649)	-	(1,076,649)
Translation adjustment	-	-	-	-	5,755	5,755
Balance, September 30, 2020	11,717,630	12,475,333	1,375,744	(13,458,366)	5,826	398,537

**VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(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”), was a Financial Industry Regulatory Authority (“FINRA”) member operating as a broker-dealer and registered with the U.S. Securities and Exchange Commission (the “SEC”). Voleo USA’s FINRA registration was terminated on September 6, 2020.

The Company’s common shares trade on the TSX Venture Exchange (“TSX-V” or the “Exchange”) under the symbol “TRAD” and the OTCQB under the symbol “VLEOF”; and its registered and records office is #2400 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3.

These consolidated 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, 2020, the Company had a working capital of \$385,085 and an accumulated deficit of \$13,458,366. 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 the Company for the year ended December 31, 2019.

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.

**VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(Expressed in Canadian dollars)**

2. BASIS OF PRESENTATION *(continued)*

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 years 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 consolidated 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 restricted share units which requires the estimation of the number of awards likely to vest on grant and at each reporting date up to the vesting date.
- (d) The fair value of the investment for which a quoted market price in an active market is not available.
- (e) 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.
- (f) 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, 2019 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 8,118,130 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	\$	<u>2,822,003</u>
Value of net liabilities:		
Cash	\$	2,610
Amounts receivable		2,910
Prepaid expenses		58,818
Investment (note 6)		175,500
Deposit (note 7)		5,750
Accounts payable and accrued liabilities (note 9)		<u>(376,522)</u>
	\$	<u>(130,934)</u>
Listing expense	\$	<u>2,952,937</u>

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

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

- (a) 1,111,579 outstanding common shares of the Company valued at \$2,778,946 or \$2.50 per common share which was the price per common share for the concurrent prospectus offering completed (note 11);
- (b) 440,000 outstanding warrants of the Company valued at \$40.00 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 11); and
- (c) 48,000 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 11).

4. AMOUNTS RECEIVABLE

	SEPTEMBER 30, 2020	DECEMBER 31, 2019
Sales tax receivable	\$ 6,663	\$ 29,972
Other receivables	12	150
	\$ 6,675	\$ 30,122

5. PREPAID EXPENSES

	SEPTEMBER 30, 2020	DECEMBER 31, 2019
Marketing and investor relations	\$ 40,471	\$ 125,009
Insurance	13,123	34,900
Regulatory	5,455	8,072
Broker dealer compliance	5,456	22,159
Other	(5,253)	11,432
	\$ 59,252	\$ 201,572

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6. INVESTMENT

Pursuant to the Transaction, the Company acquired 1,300,000 common shares of K2 Resources Inc. (“K2”) with a fair value of \$175,500 (note 3).

During the year ended December 31, 2019, the Company and K2 entered into a purchase and sale agreement pursuant to which the Company sold discontinued mineral claims to K2 for consideration of 700,000 additional common shares of K2 at a nominal value.

Based on an assessment of market conditions and liquidity risk, the Company recorded an impairment loss with respect to common shares held of K2 of \$175,499 during the year ended December 31, 2019, and impaired the investment to \$1. As at September 30, 2020, the carrying value of the investment continues to be assessed at \$1 based on the current market conditions and liquidity risk.

7. DEPOSITS

	SEPTEMBER 30, 2020	DECEMBER 31, 2019
Clearing deposit	\$ 7,601	\$ 194,845
Corporate credit card deposit	-	5,750
	\$ 7,601	\$ 200,595

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).

During the year ended December 31, 2019, the Company deposited an additional \$150,098, net of transaction fees deducted of \$233, earned interest income of \$119 and recorded an unrealized foreign exchange loss of \$3,029 in connection with the Deposit Account.

During the nine month period ended September 30, 2020, the Company transferred \$195,465 to the cash account upon termination of the Clearing Agreement, paid transactions fees of \$54, earned interest income of \$121 and recorded an unrealized foreign exchange gain of \$8,154 in connection with the Deposit Account.

Corporate credit card deposit

As at September 30, 2020, the Company had \$nil (December 31, 2019 - \$5,750) as a deposit for a corporate credit card. The deposit was acquired pursuant to the Transaction (note 3) and is automatically renewed at maturity. The deposit was fully redeemed during the current period and the balance was transferred to the cash account.

VOLEO TRADING SYSTEMS INC.
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8. EQUIPMENT

	Equipment	
Cost		
Balance, December 31, 2018	\$	12,322
Additions		-
Balance, December 31, 2019		12,322
Additions		490
Balance, September 30, 2020	\$	12,812
Accumulated Depreciation		
Balance, December 31, 2018	\$	1,226
Depreciation		2,559
Balance, December 31, 2019		3,785
Depreciation		3,176
Balance, September 30, 2020	\$	6,961
Net book value		
As at December 31, 2019	\$	8,537
As at September 30, 2020	\$	5,851

For the nine month period ended September 30, 2020, depreciation expenses of \$3,081 (2019 - \$1,532) and \$95 (2019 - \$nil) were included in research and development and general and administrative expenses, respectively, in the condensed consolidated interim statements of loss and comprehensive loss.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	SEPTEMBER 30, 2020	DECEMBER 31, 2019
Trade payables	\$ 100,601	\$ 407,228
Accrued liabilities	150,000	177,594
	\$ 250,601	\$ 584,822

As at September 30, 2020, accounts payable and accrued liabilities include \$nil (December 31, 2019 - \$50,356) with respect to share issue costs (note 11).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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10. 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, Chief Compliance Officer and Chief Financial Officer.

Remuneration attributed to key management personnel for the nine month periods ended June 30, 2020 and 2019 can be summarized as follows:

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
Short-term benefits	\$ 151,449	\$ 191,695
Share-based payments (notes 11 and 15)	20,991	176,999
	\$ 172,440	\$ 368,694

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, 2020 and 2019 include the following:

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
King & Bay West Management Corp.	\$ 208,639	\$ 198,919
SecuritiesLawUSA, PC	-	6,544
	\$ 208,639	\$ 205,463

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

Other related party transactions *(continued)*

King & Bay West Management Corp. (“King & Bay”): King & Bay 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 provides administrative, regulatory, legal, finance, and corporate development services to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amounts shown in the table above represent amounts paid and accrued to King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay charges to arm’s length parties.

Kewpac Investments Inc. (“Kewpac”): Kewpac is an entity that is controlled by a former 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. The amount shown in the table above represents amounts paid to SecuritiesLawUSA, PC for the services of SecuritiesLawUSA, PC personnel and for out-of-pocket reimbursable expenses incurred by SecuritiesLawUSA, PC on behalf of the Company. The fees for such services were made on terms equivalent to those that SecuritiesLawUSA, PC charges to arm’s length parties.

Related party balances

Accounts payable and accrued liabilities

As at September 30, 2020, accounts payable and accrued liabilities include the following amounts due to related parties:

- CCO of the Company - \$881 (December 31, 2019 - \$4,334) with respect to expenses incurred on behalf of the Company.
- Momentum Ventures Inc., a company controlled by the CCO of the Company - \$nil (December 31, 2019 - \$15,750) with respect to consulting services.
- King & Bay West - \$14,199 (December 31, 2019 - \$159,852) with respect to the services described above.

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

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11. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common share issuances

On May 12, 2020, the Company consolidated its common shares. The consolidation was approved by the directors of the Company on May 4, 2020 and was subsequently approved by the TSX Venture Exchange (“TSX-V”). The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every ten pre-consolidation common shares held. The number of shares, warrants and options and earnings per share data presented in these condensed consolidated interim financial statements have all been adjusted retroactively to reflect the impact of this share consolidation.

During the nine month period ended September 30, 2020, the Company issued 10,000 common shares upon the exercise of 10,000 restricted share units (“RSUs”), which had a fair value of \$4,000.

During the nine month period ended September 30, 2020, the Company issued 10,000 common shares upon the exercise of 10,000 restricted share units (“RSUs”), which had a fair value of \$800.

During the nine month period ended September 30, 2020, the Company issued 39,504 common shares upon the settlement of the obligation to issue common shares related to an agreement with Fidelity Information Services, LLC.

During the nine month period ended September 30, 2020, the Company issued 892,780 common shares upon the settlement of debt of \$223,195 to various vendors.

During the year ended December 31, 2019, the Company issued 105,560 units for gross proceeds of \$263,900. Each unit consists of one common share and one-half of one warrant. 52,780 warrants were issued with an exercise price of \$4.00 and expiry of April 30, 2021. The Company incurred share issue costs of \$5,695. The Company also issued 2,278 units to agents. Each unit issued to the agents consists of one common share and one warrant with an exercise price of \$4.00 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 year ended December 31, 2019, the Company closed a prospectus offering in connection with the Transaction and issued 1,623,400 units for gross proceeds of \$4,058,500. Each unit consists of one common share and one-half of one warrant. 811,700 warrants were issued with an exercise price of \$4.00 and expiry of April 30, 2021. In connection with the prospectus offering, the Company incurred share issue costs of \$571,682 of which \$50,356 is included in accounts payable and accrued liabilities as of December 31, 2019. The Company also issued to agents (i) 10,000 units to agents with each unit consisting of one common share and one-half of one warrant with an exercise price of \$4.00 and expiry of April 30, 2021, and (ii) 129,872 compensation options with an exercise price of \$2.50 and expiry of April 30, 2021. The common shares, warrants and compensation options issued to agents had fair values of \$25,000, \$5,188 and \$171,511, respectively, and were recorded as share issue costs.

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11. 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 “Stock Option 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 Stock Option Plan is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant.

Pursuant to the Stock Option 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.

On July 15, 2020, 840,000 stock options were granted with an exercise price of \$0.075 and expiration date of July 15, 2025, which vested on the date of grant.

On July 16, 2020, 100,000 stock options were granted with an exercise price of \$0.075 and expiration date of July 16, 2025, which vest every six months over 24 months.

During the nine month period ended September 30, 2020, 419,400 options have been forfeited.

During the nine month period ended September 30, 2020, 20,400 options have expired.

The following table summarizes stock option activity for the nine month period ended September 30, 2020 and the year ended December 31, 2019:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2018	268,192	\$2.50
Issued	442,900	\$2.50
Reverse takeover transaction (note 3)	48,000	\$5.90
Expired	(239,292)	\$2.60
Forfeited	(80,000)	\$2.50
Outstanding, December 31, 2019	439,800	\$2.80
Issued	940,000	\$0.08
Expired	(20,400)	\$1.80
Forfeited	(419,400)	\$2.87
Outstanding, September 30, 2020	940,000	\$0.08

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11. SHARE CAPITAL *(continued)*

Stock options *(continued)*

As at September 30, 2020, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry date
840,000	840,000	\$0.075	4.79	July 15, 2025
100,000	-	\$0.075	4.80	July 16, 2025
940,000	840,000			

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, 2020, the Company recognized share-based payment recovery with respect to stock options of \$(59,678) (2019 - \$304,976) which was included in general and administration, research and development, marketing and investor relations, and commercialization and licensing expenses (recoveries) in the amounts of \$17,481, \$(5,412), \$(19,954), and \$(51,793) respectively.

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, 2020 and 2019:

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
Risk-free interest rate	0.35%	1.44%
Expected life (years)	5	5
Annualized volatility	130%	100%
Dividend yield	-%	-%

Warrants

During the nine month period ended September 30, 2020, there were no activities with respect to warrants.

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11. SHARE CAPITAL *(continued)*

Warrants *(continued)*

The following table summarizes warrant activity for the nine month period September 30, 2020 and the year ended December 31, 2019:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2018	84,757	\$1.20
Issued	871,756	\$4.00
Reverse takeover transaction (note 3)	4,400,000	\$15.00
Expired	(4,400,000)	\$15.00
Outstanding, December 31, 2019 and September 30, 2020	956,513	\$3.70

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, 2020 and 2019:

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
Risk-free interest rate	1.56%	1.56%
Expected life (years)	2	2
Annualized volatility	100%	100%
Dividend yield	-%	-%

As at September 30, 2020, the following warrants were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
871,756	\$4.00	0.58	April 30, 2021
84,757	\$1.20	4.40	February 20, 2025
956,513			

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11. SHARE CAPITAL *(continued)*

Compensation options

During the nine month period ended September 30, 2020, there were no activities with respect to compensation options.

The following table summarizes compensation option activity for the nine month period ended September 30, 2020 and the year ended December 31, 2019:

	Number of compensation options	Weighted average exercise price
Outstanding, December 31, 2018	-	-
Issued	129,872	\$2.50
Outstanding, December 31, 2019 and September 30, 2020	129,872	\$2.50

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, 2020 and 2019:

	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
Risk-free interest rate	1.56%	1.56%
Expected life (years)	2	2
Annualized volatility	100%	100%
Dividend yield	-%	-%

As at September 30, 2020, the following compensation options were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
129,872 ⁽¹⁾	\$2.50	0.83	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 \$4.00 and expires on April 30, 2021.

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11. SHARE CAPITAL *(continued)*

Restricted share units

The Company grants restricted share units (“RSUs”) to directors, officers, employees and consultants as compensation for services, pursuant to its RSU Plan (the “RSU Plan”). One restricted share unit has the same value as a common share of the Company. The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. At the election of the Board of Directors, upon each vesting date, participants receive (a) the issuance of common shares from treasury equal to the number of RSUs vesting, or (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the TSXV for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the choice of settlement in shares has no commercial substance, or the Company has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, RSUs are accounted for as equity settled share-based payments and are valued using the share price on grant date. Upon settlement:

- (a) If the Company elects to settle in cash, the cash payment is accounted for as the repurchase of an equity interest (i.e. as a deduction from equity), except as noted in (c) below.
- (b) If the Company elects to settle by issuing shares, the value of RSUs initially recognized in reserves is reclassified to share capital, except as noted in (c) below.
- (c) If the Company elects the settlement alternative with the higher fair value, as at the date of settlement, the Company recognizes an additional expense for the excess value given (i.e. the difference between the cash paid and the fair value of shares that would otherwise have been issued, or the difference between the fair value of the shares and the amount of cash that would otherwise have been paid, whichever is applicable).

During the nine month period ended September 30, 2020, the Company committed to granting 10,000 RSUs to a consultant of the Company with each RSU redeemable into one common share of the Company or the cash equivalent thereof upon the vesting conditions being met for a period of three days from the grant date.

During the year ended December 31, 2019, the Company committed to granting 30,000 RSUs to consultants of the Company with each RSU redeemable into one common share of the Company or the cash equivalent thereof upon the vesting conditions being met for a period of one year from the grant date.

During the nine month period ended September 30, 2020, 10,000 RSUs have been redeemed for 10,000 common shares at \$0.40 per share, and 10,000 RSUs have been redeemed for 10,000 common shares at \$0.08 per share.

The Company recorded share-based payment recovery of \$13,047 which was included in sales and marketing. The share-based payment recovery related to RSUs was determined based on the Company’s closing share price on September 30, 2020 using the graded vesting method.

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12. EXPENSES BY NATURE

	THREE MONTH PERIODS ENDED SEPTEMBER 30,		NINE MONTH PERIODS ENDED SEPTEMBER 30,	
	2020	2019	2020	2019
Consulting	\$ 26,946	\$ 251,465	\$ 370,281	\$ 617,612
Professional fees	69,172	84,008	237,112	198,307
Marketing and public relations	3,584	314,492	150,294	515,482
Salaries and benefits	(30,904)	37,875	75,851	118,434
Clearing and execution	38,755	40,284	123,382	43,067
Share-based payments (notes 11 and 15)	(140,775)	235,343	(58,877)	346,447
Regulatory and compliance	16,197	37,893	75,586	51,750
Computer and software	13,550	20,989	52,711	55,504
Office and miscellaneous	5,310	18,266	38,921	32,411
Rent	-	8,094	18,324	24,309
Depreciation (note 8)	-	597	3,176	1,532
Travel	1,068	23,224	2,063	84,559
	\$ 2,903	\$ 1,072,530	\$ 1,088,824	\$ 2,089,414

13. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the past, the Company has raised funds through the issuance of common shares. However, it is uncertain whether the Company will continue to be successful in raising funds through the issuance of common shares in the future. Management reviews its capital management approach on an ongoing basis and believes this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the nine month period ended September 30, 2020.

Voleo USA is subject to the SEC's Uniform Net Capital Rule, 15c3-1, (the "Rule"), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, as both defined, shall not exceed 15 to 1. In accordance with the Rule, Voleo USA is required to maintain defined minimum net capital equal to the greater of US\$5,000 or 1/15th of aggregate indebtedness. As at September 30, 2020 and December 31, 2019, Voleo USA exceeded the minimum net capital requirement.

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14. FINANCIAL INSTRUMENTS

The Company's financial instruments are subject to certain risks.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, amounts receivable and deposits. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash and deposits with high credit quality financial institutions and brokerage firms. The Company's amounts receivable consists mainly of input tax credits due from the Government of Canada and as such are exposed to insignificant credit risk.

The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Liquidity risk

The Company's approach to managing liquidity risk is to have sufficient funds to meet liabilities when they become due.

Market risk

Market risks consist of interest rate risk, foreign currency risk and other price risk.

Interest rate risk

As at September 30, 2020, the Company is not exposed to interest rate risk.

Foreign currency risk

Voleo USA incurred operating expenditures denominated in US dollars in connection with its registered broker dealer functions, exposing the Company to foreign currency risk. The Company's financing has been primarily denominated in Canadian dollars but any future equity raised may be in either US dollars or Canadian dollars. As at September 30, 2020, approximately 21% of cash and 100% of deposits are held in US dollar bank or brokerage accounts. A 10% change in the Canadian dollar versus the US dollar would affect the loss of the Company by approximately \$11,877 and the comprehensive loss of the Company by approximately \$760.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk.

The Company is exposed to price risk with respect to its investment in K2. The Company closely monitors its investment to determine the appropriate course of action to be taken by the Company. There can be no assurance that the Company can exit its position, if required, resulting in proceeds approximating the carrying value.

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's ability to raise capital to fund operations is subject to risks associated with equity prices.

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 of US\$150,000 in the Deposit Account. In addition, the Clearing Agreement, as amended, requires minimum monthly clearance payments, in the amount of US\$10,000 effective July 1, 2019.

As at September 30, 2020, in connection with the wind down of Voleo USA’s broker-dealer operations, Apex and Voleo USA has agreed to terminate the Clearing Agreement. Upon completion of the wind-up process, Voleo USA expects a return of the amount in the Deposit Account less termination and administrative charges. As at September 30, 2020, Apex has refunded Voleo USA US\$90,000, which is recorded in the cash accounts.

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 10).

Pursuant to the Kewpac Consulting Agreement, the Company shall issue up to a total of 170,000 common shares of the Company to Kewpac in installments upon the achievement of certain milestones relating to commercialization of business-to-business (“B2B”) activities.

As of September 30, 2020, there remains 102,000 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, 2020, the Company recognized share-based payments recovery of \$51,793 (2019 – expense of \$27,648) based on the estimate of the shares expected to vest. It was determined that Kewpac would not be able to achieve certain milestones,. The share-based payments expense was based on a share price of \$3.50 (2019 - \$3.50) and included in commercialization and licensing expense in the condensed consolidated interim statements of loss and comprehensive loss.

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16. SUBSEQUENT EVENTS

The following reportable events occurred subsequent to the nine month period ended September 30, 2020:

- The global pandemic related to the virus known as COVID-19 continues to persist. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted.

In response to COVID-19, in order to manage costs, the Company initiated the process to terminate Voleo USA's broker dealer registration with FINRA. The Company's prior revenues were entirely generated from Voleo USA's broker dealer operations that have now ceased. The impact on the economy and the Company is not yet fully determinable; however, the Company's financial position, results of operations and cash flows in future periods may be materially affected. In particular, there may be heightened risk of asset impairment and liquidity or going concern uncertainty. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company's ability to obtain additional financing. The Company continues to work on revisions to forecasts and plans in light of the current conditions and will use these updated assumptions and forecasts in the measurement of our assets going forward.

Consistent with IFRS, the Company has not reflected these subsequent conditions in the measurement of assets or liabilities as at September 30, 2020.

- On October 27, 2020, the Company closed a non-brokered private placement (the “Offering”). The Offering consisted of 19,312,996 units issued at \$0.07 per unit (each a “Unit”) for aggregate gross proceeds of \$1,351,909.72. Each Unit consists of one common share (each a “Share”) and one warrant (each a “Warrant”). Each Warrant entitles the holder thereof to purchase an additional Share for \$0.20 for a period of 24 months after closing. The Units are subject to a statutory four month hold period that expires on February 28, 2021. The Units are further subject to a restrictive legend that will result in the Units being released from trading restrictions in four equal tranches at six month intervals from the closing.
- On November 3, 2020, 200,000 stock options were granted with an exercise price of \$0.20 and an expiration date of November 3, 2025, which vest evenly every 6 months over 24 months.