



PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – prepared by management)

**FOR THE THREE AND NINE MONTHS ENDED
JUNE 30, 2017 AND 2016**

Notice of Non-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 the financial statements have not been reviewed by an auditor.

The attached unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2017 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

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

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)
Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2017 and September 30, 2016
Expressed in Canadian dollars (unaudited)

	Note	June 30, 2017	September 30, 2016
ASSETS			
Current			
Cash and cash equivalents		\$ 897,007	\$ 5,487
Accounts receivable		65,188	12,071
Prepaid expenses and deposits		9,073	2,835
		971,268	20,393
Software and platform development	3, 4	9,492,855	291,000
Goodwill	3, 5	60,000	75,000
		\$ 10,524,123	\$ 386,393
SHAREHOLDERS' EQUITY (DEFICIENCY) AND LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	\$ 534,985	\$ 691,883
Short-term loans payable	6, 8	136,471	313,410
		671,456	1,005,293
Deferred tax liability	3, 5	1,904,306	75,000
		2,575,762	1,080,293
Share capital	7	18,446,930	7,602,758
Reserves		(1,041,034)	200,179
Deficit		(9,457,535)	(8,318,532)
Total equity (deficiency) attributable to shareholders of the Company		7,948,361	(515,595)
Non-controlling interest		-	(178,305)
Shareholders' equity (deficiency)		7,948,361	(693,900)
		\$ 10,524,123	\$ 386,393

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)

Approved on behalf of the Board of Directors

"Myles McGovern"

Myles McGovern, Director

"Alan Schuler"

Alan Schuler, Director

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

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended June 30, 2017 and 2016
Expressed in Canadian dollars (unaudited)

	Note	Three months ended		Nine Months Ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
EXPENSES					
Amortization of software and platform development costs	4	\$ 284,101	\$ -	\$ 322,901	\$ -
Filing and other fees		46,110	2,813	78,506	48,281
General and administrative		68,728	20,246	93,710	47,215
Interest expense		-	-	-	5,660
Investor relations		47,334	-	210,986	1,543
Management and consulting fees		6,491	129,486	44,491	375,569
Professional fees		151,019	32,933	187,041	80,384
Software and platform development		155,183	-	357,550	-
		(758,966)	(185,478)	(1,295,185)	(558,652)
OTHER ITEMS					
Foreign exchange		-	71	-	(89)
Impairment of goodwill	5	(5,000)	-	(15,000)	-
Loss from investment in associate - HelpHub		-	(21,069)	-	(60,487)
Gain on write-off of debts		-	49	-	17,165
Loss before taxes		(763,966)	(206,427)	(1,310,185)	(602,063)
Deferred income tax recovery		57,694	-	67,694	-
Loss and comprehensive loss for the period		\$ (706,272)	\$ (206,427)	\$ (1,242,491)	\$ (602,063)
Loss and comprehensive loss for the period attributed to:					
Owners of the Company		\$ (706,272)	\$ (126,827)	\$ (1,139,003)	\$ (348,634)
Non-controlling interest		-	(79,600)	(103,488)	(253,429)
		\$ (706,272)	\$ (206,427)	\$ (1,242,491)	\$ (602,063)
Loss per share					
- basic		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
- diluted		\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding					
- basic		48,043,897	23,254,677	35,479,428	21,607,294
- diluted		48,543,897	23,254,677	35,979,428	21,607,294

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

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)
Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended June 30, 2017 and 2016
Expressed in Canadian dollars (unaudited)

	Three months ended		Nine Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating activities				
Loss for the period	\$ (706,272)	\$ (206,427)	\$ (1,242,491)	\$ (602,063)
Items not involving cash:				
Amortization	284,101	-	322,901	-
Loss in associate - HelpHub	-	21,069	-	60,487
Impairment of goodwill	5,000	-	15,000	-
Deferred income tax recovery	(57,694)	-	(67,694)	-
Gain on settlement of debt	-	(17,165)	-	(17,165)
	(474,865)	(202,523)	(972,284)	(558,741)
Net changes in non-cash working capital items				
Accounts receivable	(1,136)	33	(14,890)	(20,023)
Prepaid expenses and deposits	62,085	(327)	7,287	509
Accounts payable and accrued liabilities	(95,596)	115,549	(104,331)	202,466
Net cash used by operating activities	(509,512)	(87,268)	(1,084,218)	(375,789)
Financing activities				
Proceeds received from private placements	2,050,000	-	2,800,000	291,834
Equity issuance costs	(47,700)	-	(57,057)	(46,300)
Purchase of Rosterbot shares and return to treasury	-	-	(66,000)	-
Loans received	7,637	86,910	227,137	243,910
Loans repaid	(77,901)	-	(401,951)	(122,222)
Net cash provided by financing activities	1,932,036	86,910	2,502,129	367,222
Investing activities				
Advances to ProSmart Sports Development Inc.	(530,000)	-	(530,000)	-
Net cash from acquisition of subsidiary	3,609	-	3,609	-
Net cash used in investing activities	(526,391)	-	(526,391)	-
Net increase (decrease) in cash	896,133	(358)	891,520	(8,567)
Cash, beginning of period	874	671	5,487	8,880
Cash, end of period	\$ 897,007	\$ 313	\$ 897,007	\$ 313

Supplemental disclosure with respect to cash flows (Note 10)

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

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended June 30, 2017 and 2016
Expressed in Canadian dollars (unaudited)

	Number of Shares	Issued Capital	Reserves	Accumulated Deficit	Total	Non- Controlling Interest	Total
Balance as at September 30, 2015	19,802,677	\$ 7,105,058	\$ 542,603	\$ (7,739,500)	\$ (91,839)	\$ (104,297)	\$ (196,136)
Shares issued for private placement	3,200,000	544,000	-	-	544,000	-	544,000
Shares issued for commissions	252,000	42,840	-	-	42,840	-	42,840
Share issuance costs, cash	-	(46,300)	-	-	(46,300)	-	(46,300)
Share issuance costs, shares	-	(42,840)	-	-	(42,840)	-	(42,840)
Loss and comprehensive loss for the period	-	-	-	(348,634)	(348,634)	(253,429)	(602,063)
Balance as at June 30, 2016	23,254,677	7,602,758	542,603	(8,088,134)	57,227	(357,726)	(300,499)
Shares issued by Rosterbot	-	-	(142,817)	-	(142,817)	277,817	135,000
Expiry of stock options	-	-	(389,598)	389,598	-	-	-
Share-based payments	-	-	189,991	-	189,991	-	189,991
Loss for the year	-	-	-	(619,996)	(619,996)	(98,396)	(718,392)
Balance as at September 30, 2016	23,254,677	7,602,758	200,179	(8,318,532)	(515,595)	(178,305)	(693,900)
Shares issued for private placement	17,750,000	2,800,000	-	-	2,800,000	-	2,800,000
Share issuance costs, cash	-	(57,057)	-	-	(57,057)	-	(57,057)
Share issuance costs, warrants	-	(16,648)	16,648	-	-	-	-
Shares purchased and returned to treasury, Rosterbot	-	-	-	-	-	(66,000)	(66,000)
Shares issued on acquisition of Rosterbot	5,687,925	910,068	(1,257,861)	-	(347,793)	347,793	-
Shares issued on acquisition of PSD	35,902,030	6,821,386	-	-	6,821,386	-	6,821,386
Shares issued on conversion of debt	2,208,133	386,423	-	-	386,423	-	386,423
Loss and comprehensive loss for the period	-	-	-	(1,139,003)	(1,139,003)	(103,488)	(1,242,491)
Balance as at June 30, 2017	84,802,765	\$ 18,446,930	\$ (1,041,034)	\$ (9,457,535)	\$ 7,948,361	\$ -	\$ 7,948,361

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

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

Expressed in Canadian Dollars (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

ProSmart Enterprises Inc. (formerly Sora Capital Corp) (the "Company") was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act. During the year ended September 30, 2015, the board of directors approved a change of business from a mineral resource mining company to a technology investment company. On July 12, 2017, the Company changed its name from Sora Capital Corp. to ProSmart Enterprises Inc.

The Company's head office, principal address and registered and records office is #302 - 1353 Ellis Street Kelowna, BC V1Y 1Z9

The business of investing in technology companies involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company has incurred losses from inception and has accumulated deficit of \$9,457,535. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations and at amounts different from those in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its unaudited condensed interim consolidated financial statements (the "financial statements") in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook - Accounting - Part 1 ("CPA Canada Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended September 30, 2016. They do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2016.

The condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2017 were approved for issue by the Board of Directors on August 28, 2017.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

Expressed in Canadian Dollars (unaudited)

2. BASIS OF PREPARATION *(cont'd...)*

Basis of Presentation and Consolidation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements include the financial statements of the Company, ProSmart Sports Development Inc. ("**PSD**"), and RosterBot Inc. ("**RosterBot**"), the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in profit and loss as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

Use of Estimates and Judgments

The preparation of the June 30, 2017 condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates. Refer to Note 2 of the Company's consolidated financial statements for the year ended September 30, 2016 for more information on the use of estimates and judgements.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that 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:

Critical accounting estimates

- i. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Critical accounting judgments

- i. The acquisition of RosterBot and PSD required judgments and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. Management is required to make certain judgments regarding future events, future operating costs and capital expenditures. Changes to the provision measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.
- ii. The determination that the Company will continue as a going concern for the next year.

Significant Accounting Policies

Except as otherwise indicated hereunder, these condensed interim consolidated financial statements have been prepared using the same policies and methods as the consolidated financial statements of the Company for the year ended September 30, 2016. Refer to Note 3 of the Company's consolidated financial statements for the year ended September 30, 2016 for more information on new accounting standards and amendments not yet effective.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

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3. CONSOLIDATION OF SUBSIDIARIES

RosterBot Inc.

On March 6, 2014, amended March 31, 2014, the Company agreed to purchase up to 532,763 common shares of RosterBot through the execution of a share purchase agreement at a price of \$1.877 per common share for an aggregate cost of \$1,000,000 ("**Purchase Price RB**").

On January 29, 2015 the Company completed the Purchase Price RB and began accounting for its investment in Rosterbot on an equity basis. As at January 29, 2015 and September 30, 2015, the Company held a 33.45% interest in Rosterbot.

As at June 30, 2015, upon maturity of a convertible note held by the Company, the management of RosterBot resigned and was replaced with the management of the Company. The Company concluded that it had control of RosterBot and consolidated the financial statements of RosterBot effective July 1, 2015.

The value of the investment in RosterBot is as follows:

	Number of Rosterbot Shares	Investment in Associate
Balance as at September 30, 2014	250,000	\$ 470,000
Purchase of shares	<u>282,365</u>	<u>530,000</u>
Balance as at January 29, 2015	532,765	1,000,000
Equity loss for the period	-	(179,705)
Write-down of investment in associate	<u>-</u>	<u>(797,998)</u>
Balance as at September 30, 2015	532,765	\$ 22,297

The Company wrote down the value of its investment prior to consolidation, fair valuing RosterBot at the note conversion price of \$0.014 per common share providing a fair value of RosterBot of \$22,297 and of the non-controlling interest of \$14,969. Accordingly, the Company realized a write-down on the carrying value on the date of acquisition to control of \$797,998 to realize the fair value of RosterBot. This acquisition was accounted for as a business combination.

The total purchase price of \$22,297 was allocated to the fair value of the net liabilities of RosterBot as follows:

Net assets acquired:	Fair value
Cash	\$ 98,881
Receivables	63,954
Software in development	388,000
Goodwill	100,000
Accounts payable and accrued liabilities	(149,025)
Other liabilities	(103,160)
Convertible debenture and loan payable to the Company	(261,384)
Non-controlling interest	(14,969)
Deferred tax liability	<u>(100,000)</u>
Purchase price	\$ 22,297

RosterBot has a year-end of July 31. As a result, the Company recognized \$388,000 in software in development related to development of the RosterBot product and \$100,000 related to goodwill. Goodwill was derived from the significant amount of users that actively use RosterBot's software and is included in the same cash-generating unit as the software development costs.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

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3. CONSOLIDATION OF SUBSIDIARIES (cont'd...)

RosterBot Inc. (cont'd)

During the year end September 30, 2016, the Company converted its note to 14,285,714 common shares of RosterBot and converted \$282,500 in intercompany loans to 3,873,287 common shares of RosterBot. In addition, RosterBot completed a private placement whereby 6,750,000 common shares were issued at a price of \$0.02 per common shares for gross proceeds of \$135,000 resulting in a dilution gain of \$89,841.

During the period ended June 30, 2017:

- RosterBot purchased 750,000 common shares from a shareholder and returned them to treasury. As a result, the Company owns 18,691,764 of 25,801,670 shares of RosterBot or 72.44%, and;
- The Company acquired the remaining 7,109,906 outstanding RosterBot common shares by issuing a total of 5,687,925 common shares of the Company valued at \$910,068. The Company recognized a loss of \$1,257,861 directly to reserves as a result of the transaction.

ProSmart Sports Development Inc.

On June 9, 2017, the Company purchased 100% of the issued and outstanding common shares of PSD through the execution of a share exchange agreement ("**SEA**") and issuance of 35,902,030 common shares of the Company at a fair value of \$0.19 per common share for an aggregate cost of \$6,821,386 ("**Purchase Price PS**").

The total purchase price of \$6,821,386 was allocated to the fair value of the net assets of PSD as follows:

Net assets acquired:	Fair value
Cash	\$ 3,609
Receivables	38,227
Prepaid expenses	13,525
Web platform	9,529,248
Goodwill	-
Accounts payable and accrued liabilities	(191,797)
Other liabilities	(144,426)
Loan payable to the Company	(530,000)
Deferred tax liability	<u>(1,897,000)</u>
Purchase price	<u>\$ 6,821,386</u>

Per management's assessment of the fair value of the assets transferred upon the acquisition of PSD, the Company recognized \$9,529,248 in web platform and a \$1,897,000 deferred income tax liability related to development costs of the PSD web platform.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

Expressed in Canadian Dollars (unaudited)

4. SOFTWARE AND PLATFORM DEVELOPMENT

	Software in Development	Web Platform	Total
Cost			
Balance at September 30, 2015	\$ 388,000	\$ -	\$ 388,000
Additions	-	-	-
Balance at September 30, 2016	388,000	-	388,000
Acquired with acquisition of PSD		9,524,756	9,524,756
Balance at June 30, 2017	388,000	9,524,756	9,912,756
Accumulated amortization			
Balance at September 30, 2015	-	-	-
Amortization expense	97,000	-	97,000
Balance at November 30, 2016	97,000	-	97,000
Amortization expense	58,200	264,701	322,901
Balance at June 30, 2017	\$ 155,200	\$ 264,701	\$ 419,901
Carrying amount			
September 30, 2016	\$ 291,000	\$ -	\$ 291,000
June 30, 2017	\$ 232,800	\$ 9,260,055	\$ 9,492,855

During the three and nine months ended June 30, 2017, the Company recorded \$284,101 and \$322,901 (2016 - \$Nil and \$Nil) amortization of software and platform development costs.

The Company assesses software development costs for impairment annually or when there is indication of impairment within the same cash-generating unit. An impairment loss is the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount.

5. GOODWILL

Balance as at September 30, 2015 and 2014	\$ 100,000
Impairment	(25,000)
Balance as at September 30, 2016	\$ 75,000
Impairment	(15,000)
Balance as at June 30, 2017	\$ 60,000

During the three and nine months ended June 30, 2017, the Company recognized an impairment to goodwill of \$5,000 and \$15,000 (2016 - \$Nil and \$Nil). As a result of the amortization of software in development over its finite life, a deferred tax recovery was recognized.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

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6. SHORT TERM LOANS PAYABLE

During the nine month period ended June 30, 2017, a company controlled by the former CEO and current director of the Company loaned the Company \$161,183 (for a total of \$471,682), of which \$390,132 was repaid in cash and \$81,551 was converted to common shares of the Company at a price of \$0.175 per share. As at June 30, 2017, the loan was fully retired.

A third party also loaned the Company a total of \$2,910, of which \$1,791 remained outstanding at June 30, 2017. The loans are unsecured, bear no interest, and are payable on demand.

Upon the acquisition of PSD, the Company assumed \$144,426 of short term loans, \$83,250 of which were owed to the COO of a subsidiary of the Company and a director of the Company. During the nine month period ended June 30, 2017, \$10,700 of accrued interest was paid to an arms-length party, while \$954 of interest accrued on the loans.

As at June 30, 2017, \$52,617 was owed to third party debt holders and \$83,854 was owed to related parties for a total debt owing of \$136,471

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the nine month period ended June 30, 2017, the Company:

- Completed a non-brokered private placement whereby 7,500,000 common shares were issued at a price of \$0.10 per common share for gross proceeds of \$750,000. In connection with the offering, the Company paid a cash commission of \$9,357 and issued 54,750 finder's warrants. Each finder's warrant entitles the finder to acquire a common share of the Company at an exercise price of \$0.20 per share until December 22, 2017;
- Issued 5,687,925 common shares with a fair value of \$0.16 each in exchange for 7,109,906 common shares of its subsidiary, RosterBot (Note 3). The Company recognized a loss attributed directly to reserves of \$1,257,861 related to this transaction;
- Issued 35,902,030 at a fair value of \$0.19 per common shares on the acquisition of PSD (Note 3);
- Issued 2,208,133 common shares at a deemed price of \$0.175 on the conversion of \$386,423 of accounts payable to equity, and;
- Completed a non-brokered private placement whereby 10,250,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$2,050,000. Each unit consisted of one common share and common share purchase warrant. Each warrant is exercisable to acquire an additional one half of one common share at a price of \$0.40 per common share until June 6, 2018. In connection with the offering, the Company paid a cash commission of \$42,000 and issued 210,000 finder's warrants. Each finder's warrant entitles the finder to acquire a share at an exercise price of \$0.40 per share until June 6, 2018.

During the year ended September 30, 2016, the Company:

- Completed a non-brokered private placement whereby 3,200,000 units were issued at a price of \$0.17 per unit for gross proceeds of \$544,000. Included in these proceeds was the conversion of loans payable of \$251,000. Each unit included one common share and one half of one share purchase warrant exercisable at \$0.20 until November 2, 2017. In connection with the offering, the Company paid a cash commission of \$46,300 and issued 252,000 common shares valued at \$42,840.

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2017 and 2016

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7. SHARE CAPITAL AND RESERVES (cont'd...)

c) Stock options

On February 10, 2017, the Company adopted a fixed stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 6,150,845 common shares of the Company, as at the date of the grant.

Share purchase stock option transactions for the nine months ended June 30, 2017 are summarized as follows:

	As at June 30, 2017		As at September 30, 2016	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of year	2,265,962	\$ 0.27	590,670	\$ 1.46
Granted	-	\$ -	1,700,000	\$ 0.12
Expired/Cancelled	(657,462)	\$ 1.78	(24,708)	\$ 18.87
Outstanding, end of period	<u>1,608,500</u>	<u>\$ 0.15</u>	<u>2,265,962</u>	<u>\$ 0.27</u>

As at June 30, 2017, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (yrs)	Expiry
500,000	500,000	\$ 0.20	2.20	September 12, 2019
1,108,500	1,108,500	\$ 0.12	4.14	August 18, 2021
<u>1,608,500</u>	<u>1,608,500</u>		<u>3.54</u>	

The fair value of all compensatory options granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2016
Risk-free interest rate	0.60%
Expected life	5.00 year
Volatility	162.23%
Forfeiture rate	0%
Dividend rate	-

PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

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7. SHARE CAPITAL AND RESERVES (cont'd...)

d) Warrants

Share purchase warrants for the nine month period ended June 30, 2017 are summarized as follows:

	As at June 30, 2017		As at September 30, 2016	
	Number of Warrants	Weighted Ave. Exercise Price	Number of Warrants	Weighted Ave. Exercise Price
Outstanding, beginning of year	4,135,355	\$ 0.20	2,535,355	\$ 0.20
Granted	10,514,750	\$ 0.40	1,600,000	\$ 0.20
Expired/Cancelled	(2,535,355)	\$ 0.20	-	\$ -
Outstanding, end of period	<u>12,114,750</u>	<u>\$ 0.37</u>	<u>4,135,355</u>	<u>\$ 0.20</u>

As at June 30, 2017, the following were outstanding:

Number of warrants outstanding	Exercise price	Remaining life (yrs)	Expiry
1,600,000	\$ 0.20	0.34	November 2, 2017
54,750	\$ 0.20	0.48	December 22, 2017
10,460,000	\$ 0.40	0.93	June 6, 2018
<u>12,114,750</u>		<u>0.85</u>	

8. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- Paid or accrued salaries for the current CEO of the Company and COO of a subsidiary of the Company in the amount of \$5,682 (2016 - \$Nil) and \$5,682 (2016 - \$Nil) respectively;
- Paid consulting fees of \$8,000 (2016 - \$Nil) to a company the current CFO controls;
- Paid professional fees for the provision of legal services of \$39,004 (2016 - \$Nil) to a law firm that a director of the Company practices through;
- Paid management fees of \$38,000 (2016 - \$90,000) and issued 1,016,875 common shares to retire \$81,551 of loans and \$87,299 of accounts payable to a company controlled by the former CEO and current director of the Company;
- Paid professional fees of \$25,500 (2016 - \$32,481) and issued 174,068 common shares to retire \$30,462 of account payable to a company of which the former CFO of the Company is a director;
- Paid management fees of \$60,582 (2016 - \$Nil) and issued 181,316 common shares to retire \$30,462 of accounts payable to a company controlled by the former CEO of RosterBot and former director of the Company which included numerous staff that allocated their time to the Company, and;
- Paid management fees of \$9,000 (2016 - \$Nil) and issued 18,257 common shares to retire \$3,195 of accounts payable to a company controlled by a former director of the Company.

As at June 30, 2017, \$23,318 (2016 - \$35,693) is due to related parties and included in accounts payable and accrued liabilities. In addition, the Company has loans payable of \$83,854 (2016 - \$310,500) due to related parties of the Company.

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9. SEGMENTED INFORMATION

The Company's operations comprise a single reportable operating segment engaged in technology investment. Amounts disclosed in the condensed interim consolidated financial statements for loss and loss per share represent segment amounts.

All of the company's operations and assets are located in Canada.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine month period ended June 30, 2017 included:

- a) Issued warrants as finder's fee that had a fair value of \$15,060;
- b) Issued 5,687,925 common shares of the Company valued at \$910,068 in exchange for 7,109,906 RosterBot shares;
- c) Issued 35,902,030 common shares of the Company valued at \$6,821,386 in exchange for 17,951,015 PSD shares, and;
- d) Issued 2,208,133 common shares of the Company on the conversion of \$386,423 of accounts payable and loans to equity.

Significant non-cash transactions for the period ended June 30, 2016 included the settlement of \$252,166 in short term loans with 1,483,329 units and issuance of 252,000 common shares valued at \$42,840 as a finder's fee in connection with a non-brokered private placement.

11. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. Capital is comprised of the Company's shareholders' equity (deficiency). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities and short-term loans approximated their fair value because of the short-term nature of these instruments. Investments are recorded at cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of Goods and Service Tax receivable from the government of Canada.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of \$897,007 (September 30, 2016 - \$5,487) to settle current liabilities of \$671,456 (September 30, 2016 - \$1,005,293). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating alternative financing opportunities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. The Company has no mineral properties or investments outside of Canada and therefore considers this low risk.

c) Price risk

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.

13. COMMITMENTS AND CONTINGENCIES

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any unrecorded material contingent liabilities which require recording in the financial statements for the period ended June 30, 2017.