MOSEDA TECHNOLOGIES INC.

(FORMERLY GOLDEN VIRTUE RESOURCES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Moseda Technologies Inc.

We have audited the accompanying consolidated financial statements of Moseda Technologies Inc. which comprise the consolidated statements of financial position as at June 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Moseda Technologies Inc. as at June 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the Company produced a net loss of $4,556,458 for the year ended June 30, 2015 and as of that date the Company's accumulated deficit was $6,841,030. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO Canada LLP"

Chartered Professional Accountants

Vancouver, British Columbia
October 28, 2015

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MOSEDA TECHNOLOGIES INC.

(formerly Golden Virtue Resources Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT	June 30, 2015	June 30, 2014
ASSETS		
Current		
Cash	$ 464,885	$ 12,469
Trade and other receivables	93,142	6,596
Prepaid expenses	366,871	-
	924,898	19,065
Property, plant and equipment (Note 6)	8,216	14,381
Intangible assets	1,521	1,521
	$ 934,635	$ 34,967
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 487,144	$ 253,862
Deferred revenue (Note 7)	6,443	18,593
Due to related parties (Note 9)	165,324	247,433
	658,911	519,888
Shareholders' equity		
Share capital (Note 8)	6,274,852	1,505,858
Reserves (Note 8)	841,902	293,793
Accumulated Deficit	(6,841,030)	(2,284,572)
	275,724	(484,921)
	$ 934,635	$ 34,967

Nature of operations and ability to continue as a going concern (Note 1)

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

MOSEDA TECHNOLOGIES INC.

(formerly Golden Virtue Resources Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the	Year ended June 30, 2015	Year ended June 30, 2014
REVENUE		
Sale of equipment	$ 2,693	$ -
Royalty revenue	28,924	29,735
	31,617	29,735
EXPENSES		
Amortization and depreciation	6,165	6,162
Advertising and promotion	211,651	11,236
Cost of sales	1,850	-
Hosting and web fees	49,003	93,317
Management and consulting fees	667,918	99,999
Office and administration	282,254	107,486
Professional fees	361,770	44,246
Research and development	270,203	432,887
Share-based payments	558,214	137,848
Transfer agent	43,919	-
Travel	33,483	31,564
	(2,486,430)	(964,745)
	(2,454,813)	(935,010)
OTHER		
Interest expense	(41,245)	(43,810)
Loss on settlement of debt (Note 8)	-	(130,000)
Listing expense (Note 4)	(2,060,370)	-
Loss and comprehensive loss for the year	$ (4,556,458)	$ (1,108,820)
Basic and diluted loss per common share	$ (0.25)	$ (0.10)
Weighted average number of common shares outstanding	18,403,618	10,868,962

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

MOSEDA TECHNOLOGIES INC.

(formerly Golden Virtue Resources Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the year ended

	June 30, 2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (4,556,458)	$ (1,108,820)
Items not affecting cash:		
Amortization	6,165	6,162
Share-based payments	370,715	137,848
Accrued interest	-	13,424
Accrued salary	-	99,998
Accrual for services	-	25,000
Legal services paid by issuance of common shares	-	26,630
Loss on settlement of debt	-	130,000
Listing expense	2,060,370	-
	(2,119,208)	(669,758)
Changes in non-cash working capital items:		
Receivables	36,453	2,792
Deferred revenue	(12,150)	15,447
Due to related parties	(82,109)	-
Prepaid expenses	(265,474)	9,389
Accounts payable and accrued liabilities	(98,936)	195,724
	(2,541,424)	(446,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition (Note 4)	28,231	-
Acquisition of property, plant and equipment	-	(20,543)
Acquisition of trademarks	-	(291)
	28,231	(20,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	3,106,400	240,000
Share issuance costs	(343,292)	-
Shareholder advance	-	583
Shareholder repayment	-	(55,561)
Proceeds from borrowings	-	214,409
Related party repayment	-	(3,400)
Proceeds from issuance prior to RTO	202,501	-
	2,965,609	396,031
Change in cash during the year	452,416	(71,209)
Cash, beginning of year	12,469	83,678
Cash, end of year	$ 464,885	$ 12,469

Supplemental disclosure with respect to cash flows (Note 12)

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

MOSEDA TECHNOLOGIES INC.

(formerly Golden Virtue Resources Inc.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
Balance June 30, 2013	10,283,327	$ 1,009,228	$ 155,945	$ (1,175,752)	$ (10,579)
Private placement	938,283	266,630	-	-	266,630
Conversion of loan	1,000,000	230,000	-	-	230,000
Share-based payments	-	-	137,848	-	137,848
Net Loss for the year	-	-	-	(1,108,820)	(1,108,820)
Balance June 30, 2014	12,221,610	1,505,858	293,793	(2,284,572)	(484,921)
Issuance of shares prior to close of RTO	1,730,773	225,001	-	-	225,001
Share issuance costs - cash	-	(22,500)	-	-	(22,500)
Shares issued on exercise of options	886,750	4,225			4,225
Recapitalization transactions					
Pursuant to the acquisition of Mobsafety Inc.	(14,839,133)	(1,712,584)	-	-	(1,712,584)
Exchange of shares on completion of RTO	25,943,168	3,689,138	-	-	3,689,138
Private placement	16,497,216	3,106,400	-		3,106,400
Share issuance costs – cash	-	(343,292)	-	-	(343,292)
Share issuance costs – warrants	-	(177,394)	177,394	-	-
Shared-based payments	-	-	370,715		370,715
Net loss for the year	-	-	-	(4,556,458)	(4,556,458)
Balance, June 30, 2015	42,440,384	6,274,852	841,902	$ (6,841,030)	$ 275,724

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Moseda Technologies Inc. (formerly Golden Virtue Resources Inc.) (the "Company") is a publicly-listed company incorporated in British Columbia with limited liability under the legislation of the province of British Columbia and its shares are listed on the TSX Venture Exchange (the "Exchange"). The Company's principal business is to develop and operate Mobile Device Management ("MDM") software systems that allow the management and tracking of assets using mobile devices.

The head office, principal address and the registered records address of the Company is situated at 1055 West Hastings Street, Vancouver, British Columbia.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in these consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2015, the Company had not achieved profitable operations, had accumulated a deficit of $6,841,030 (2014 - $2,284,572) since inception and expects to incur further operating losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

REVERSE TAKEOVER

On September 30, 2014, the Company and MobSafety, Inc. ("MobSafety") entered in to a Share Exchange Agreement ("SEA") whereby the Company would acquire all of the issued and outstanding shares of MobSafety, being 14,839,133 shares, in consideration for securities of the Company on a 1 for 1.0819 basis. After completion of the SEA, the shareholders of MobSafety held approximately 62% of the Company. Accordingly, MobSafety is considered to have acquired the Company with the SEA being accounted as a reverse takeover of the Company by MobSafety shareholders (the "RTO").

As MobSafety is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 27, 2011 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of MobSafety in accordance with IFRS 3, Business Combinations. The Company's results of operations are included from March 27, 2015 onwards, the closing date.

Concurrent with the RTO, the Company completed a $3,106,400 private placement (the "Financing") (Note 8) as required by the SEA.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's board of directors approved the release of these consolidated financial statements on October 28, 2015.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, the financial statements are prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

2. BASIS OF PREPARATION *(Cont'd…)*

Use of Estimates

The preparation of these 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 financial statements and the reported expenses during the year. Actual results could differ from these estimates.

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. Share-based payments is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

ii. 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.

iii. Moseda Technologies (formerly Golden Virtue Resources Inc.) completed an RTO with Mobsaftey Inc. on March 27, 2015 and concluded that the transaction did not qualify as a business combination as significant inputs and processes that constitute a business were missing. Refer to Note 4 for additional details.

Critical accounting judgments

i. The determination that the Company will continue as a going concern for the next year.

Comparative Information

These consolidated financial statements have been prepared as a continuation of Mobsafety, Inc.'s financial statements and the comparative figures presented represent the financial statements of Mobsafety, Inc. The results of Moseda Technologies Inc. (formerly Golden Virtue Resources Inc.) have been included in the Company's consolidated financial statements subsequent to close of the RTO on March 27, 2015 (Note 4).

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entity 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 subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The accounting policies set out below have been consistently applied to all periods presented.

Intangible assets

The Company's intangible assets include trademarks. Intangible assets are measured at cost less any accumulated impairment losses. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Property, plant and equipment

Property, plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial year in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives of 3.33 years to the Company commencing from the time the asset is held ready for use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of loss and comprehensive loss.

Impairment of non-financial assets

Impairment tests on non-financial assets, including property, plant and equipment, and intangible assets are subject to impairment tests at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to statement of comprehensive loss.

Revenue recognition

The Company earns revenue through the supply of MDM solutions for mobile devices and assets management services in the commercial and consumer markets. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

The principal sources of revenue to the Company and recognition of these revenues are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Revenue recognition *(cont'd…)*

License Revenue

Revenue from the sale of licenses is recognized at inception of the license term assuming at which time all the following conditions are met:

- The Company has transferred significant risks and rewards of the license
- The Company does not retain continuing managerial involvement
- The amount of revenue can be reliably measured
- It is probable that economic benefits associated with the transaction will flow to the Company
- The costs incurred or to be incurred can be reliably measured

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that future economic benefit will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement

Research and development costs

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

As at June 30, 2015 and 2014 the Company has no development costs that met such criteria.

Development expenditures not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the statement of comprehensive loss as incurred.

Share-based payments

As part of its remuneration, the Company grants stock options and warrants to buy common shares of the Company to its employees. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of employee services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted or vested if the option vests over a period. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

All share-based remuneration is ultimately recognized as an expense in the statements of comprehensive loss with a corresponding credit to contributed surplus. Upon exercise of share options, the proceeds received net of any directly attributable transactions costs and the amount originally credited to contributed surplus are allocated to share capital. When options expire unexercised the related value remains in contributed surplus.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, foreign currency monetary assets and liabilities are translated using the reporting date foreign exchange rate. Foreign currency non- monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non- monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

Earnings (loss) per share

Basic earnings (loss) per share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments.

Financial instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company does not hold any available for sale, held to maturity, or derivative financial assets at June 30, 2015 and 2014.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company does not hold any financial liabilities at fair value or derivative liabilities at June 30 2015 and 2014.

The Company determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

The Company's financial assets and liabilities are generally classified and measured as follows:

Asset/liability	Category	Measurement
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

Loans and receivables and other financial liabilities are initially recognized at the fair value and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of loss and comprehensive loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance. Impairment is assessed at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial instruments *(cont'd…)*

Transaction costs incurred in the course of raising debt financing are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest rate method to expense interest over the period to maturity of the related debt. Other transaction costs incurred are included in the statement and comprehensive loss.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income (loss) except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

New standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39.

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the International Accounting Standards Board issued IFRS 15, Revenue from Contracts with Customers, which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. On July 22, 2015, the IASB unanimously affirmed its proposal to defer the effective date of IFRS 15 to periods beginning after January 1, 2018. Earlier application of IFRS 15 continues to be permitted. The Company does not intend to early adopt this standard and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

4. ACQUISITION OF MOBSAFETY

On March 27, 2015, the Company and MobSafety completed a Share Exchange Agreement ("SEA") whereby the Company would acquire all of the issued and outstanding shares of MobSafety, being 14,839,133 shares, in consideration for securities of the Company on a 1 for 1.0819 basis. After completion of the SEA, the shareholders of MobSafety held approximately 62% of the Company. Accordingly, MobSafety is considered to have acquired the Company with the SEA being accounted as a reverse takeover of the Company by MobSafety shareholders (the "RTO").

The acquisition constitutes an asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, Business Combination. Additionally as a result of the RTO, the statement of financial position have been adjusted for the elimination of the Company's share capital, reserves and accumulated deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of $2,060,370 has been recorded. This reflects the difference between the estimated fair value of the MobSafety shares deemed to have been issued to the Company's shareholders less the net fair value of the assets of the Company acquired.

In accordance with reverse acquisition accounting:

i) The assets and liabilities of MobSafety are included in the statement of financial position at their carrying values;

ii) The net assets of the Company are included at their fair value of $(172,628).

iii) The net assets of the Company have been allocated as follows:

Cash	$	28,231
Prepaid		116,288
Receivables		32,999
Accounts payable and accrued liabilities		(350,146)
Fair value of net liabilities	$	(172,628)

iv) The listing expense of $2,060,370 was determined as follows:

a. Number of Company common shares held by former MobSafety shareholders outstanding prior to the Financing is 16,054,458 or 61.88% of the combined entity.

b. The fair value of MobSafety is $3,210,892, which was based on the Financing price of $0.20 per common share.

c. Number of outstanding shares of the Company prior to the Financing was 9,888,710 or 38.12% of the combined entity.

d. The fair value of the shares issued to acquire the Company under reverse acquisition accounting was $1,977,742 calculated as 9,888,710 shares at $0.20 per share.

e. The difference between the fair value of $1,977,742 being the consideration paid, and the estimated fair value of the net liabilities of the Company of $172,628 amounted to a net listing expense, after elimination of intercompany gains, of $2,060,370.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2015	June 30, 2014
Accounts payable	385,466	$ 119,234
Other payables	-	79,784
Accruals	101,678	54,844
	$ 487,144	$ 253,862

6. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment
Cost	
Balance, June 30, 2013	$ -
Additions	20,543
Balance June 30, 2014 and 2015	20,543
Accumulated depreciation	
Balance, June 30, 2013	-
Additions	6,162
Balance, June 30, 2014	6,162
Additions	6,165
Balance, June 30, 2015	12,327
As at June 30, 2014	$ 14,381
As at June 30, 2015	$ 8,216

7. DEFERRED REVENUE

The Company's deferred revenue at June 30, 2013, 2014 and 2015 are as follows:

	Total
Balance, June 30, 2013	$ 3,146
Deferred during the year	42,795
Released to the statement of loss and comprehensive loss	(27,348)
Balance June 30, 2014	18,593
Deferred during the year	16,773
Released to the statement of loss and comprehensive loss	(28,923)
Balance June 30, 2015	6,443

8. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common and preferred shares without par value, rank equally on distribution of the Company's assets.

Issued share capital

During the year ended June 30, 2014, the Company issued 938,283 common shares for gross proceeds of $266,630.

During the year ended June 30, 2014, the Company converted $100,000 of debt through the issue of 1,000,000 common shares at a price of $0.10 per share. The fair value of the shares being $0.23, a loss on the settlement of debt of $130,000 was recognized on the statement of loss and comprehensive loss.

Prior to the completion of the RTO, Mobsafety issued 1,730,773 common shares at a price of $0.13 for gross proceeds of $225,001. The Company paid $22,500 in share issuance costs.

Immediately prior to the completion of the RTO, 886,750 options were exercised for proceeds of $4,225.

During the year ended June 30, 2015, the Company completed a brokered private placement by issuing 15,532,000 units at $0.20 per unit, for gross proceeds of $3,106,400. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.35. The Company recorded cash share issue costs of $343,292 and issued 1,242,560 agent options with a fair value of $177,394 in conjunction with the placement. The agent options were valued using the Black-Scholes pricing model with a volatility of 100%, discount rate of 0.56%, expected life of 2 years, and an exercise price of $0.20. The Company also issued 965,216 common shares as a finder's fee with a value of $193,043 related to the acquisition;

Stock options and warrants

Share purchase warrants and stock option transactions are summarized as follows:

	Share Purchase Warrants		Stock Options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, June 30, 2013	-	$ -	1,432,832	$ 0.17
Issued	-	-	582,500	0.04
Exercised	-	-	-	-
Outstanding, June 30, 2014	-	$ -	2,015,332	$ 0.14
Exercised	-	-	(886,750)	0.005
Cancelled	-	-	(1,128,582)	0.25
Outstanding Options from RTO	-	-	100,900	1.00
Granted	13,139,767	0.33	2,018,822	0.19
Outstanding, June 30, 2015	13,139,767	0.33	2,119,722	0.23
Exercisable, June 30, 2015	13,139,767	0.33	2,119,722	0.23

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Stock options and warrants *(cont'd…)*

As at June 30, 2015, inventive stock options were outstanding as follows:

	Number		Exercise price	Expiry Date
Stock options	75,900	$	1.000	July 25, 2015*
	25,000		1.000	March 19, 2017
	1,242,560		0.200	March 27, 2017
	175,809		0.001	September 16, 2024
	129,828		0.200	September 16, 2024
	129,828		0.200	June 25, 2024
	340,797		0.250	June 30, 2022
	2,119,722			

* Expired subsequent to year-end.

As at June 30, 2015, share purchase warrants were outstanding as follows:

	Number		Exercise price	Expiry Date
Share Purchase Warrants	2,875,000	$	0.35	June 16, 2016
	780,000		0.35 / 0.50*	July 31, 2016
	8,248,608		0.30	March 27, 2017
	378,665		0.10	June 30, 2023
	304,284		0.13	March 29, 2022
	205,920		0.23	April 23, 2022
	293,195		0.25	June 30, 2022
	54,095		0.10	June 30, 2024
	13,139,767			

* Exercise price in 1st year is $0.35 / 2nd & 3rd years are $0.50

Share-based payments

The Company's stock option plan reserves for issuance a maximum number of common shares equal to 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the Exchange. The expiry date for each option should be for a maximum term of five years. All options granted vest immediately with the exception of those granted to investor relations consultants, which vest according to Exchange policy.

During the year ended June 30, 2015 the Company issued 2,018,822 options as well as certain options in MobSafety prior to the RTO and recorded a share-based payment expense of $370,715 (2014 - $137,848).

The fair of the share-based payments were determined using the Black-Scholes option pricing model with a weighted average volatility of 120%, a risk free interest rate of 0.5%, 0% dividend yield, and life of 5 years.

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Performance shares

On June 27, 2013, the Company received disinterested shareholder approval to amend the milestone dates as below for the allotment of 3,000,000 common shares (the "Performance Shares"), which will become issuable to certain officers, employees and consultants on the achievement by the Company of certain milestone events.

These shares are not considered earned unless the milestones are achieved. The details for amounts and the requisite milestones are as follows:

Number of common shares allotted	Milestone for issuance
1,000,000	Upon the Company generating total revenues of not less than $680,000 on or before twelve (12) months following the RTO
1,000,000	Upon the Company generating total revenues of not less than $5,200,000 on or before twenty-four (24) months following the RTO
1,000,000	Upon the Company generating total revenues of not less than $9,760,000 on or before thirty-six (36) months following the RTO
3,000,000	

To date, no milestones have been reached; therefore no shares have been issued. The progress of the Company's revenue to date has been insufficient to indicate that there is any likelihood of these milestones being achieved. The Company has not recorded any related expense or obligation as of June 30, 2015.

9. RELATED PARTY TRANSACTIONS

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

Paid or accrued management and consulting fees of $217,906 (2014 - $99,999) to a director and CEO of the Company, of which $75,000 was paid by issuance of common shares paid for by the Company.

Paid or accrued management and consulting fees of $175,000 (2014 - $Nil) to the CFO of the Company.

Paid of accrued management and consulting fees of $265,000 (2014 - $Nil) to two directors of the Company.

Paid or accrued management and consulting fees of $12,900 (2014 - $Nil) to the former interim CFO of the Company

Paid or accrued management and consulting fees of $150,000 (2014 - $Nil) to a significant shareholder and father of the CEO, of which $112,500 was paid by issuance of common shares paid for by the Company.

As at June 30, 2015, included in accounts payable and accrued liabilities is $165,324(June 30, 2014 - $247,693) due to related parties. These amounts are unsecured, non-interest bearing and payable on demand.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk liquidity risk, and currency risk.

The Company's exposure to these risks and its methods of managing the risks remain consistent. The Company is exposed to the following risks related to financial assets and liabilities:

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

(a) Currency risk

Currency risk is the risk that variations in exchange rates between U.S. and Canadian currencies will affect the Company's operating and financial results. The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers in foreign currencies and the purchases of hardware from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to reduce its exposure. The company is not currently exposed to currency risk. (2014: none)

(b) Credit risk

Credit risk refers to the potential that a customer or counterparty to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's receivables from customers and its cash. The maximum credit risk exposure for these balances is the carrying values of these items.

The Company attempts to mitigate its credit risk over cash by dealing only with large financial institutions with good credit ratings. All of the financial institutions that the Company deals with meet these qualifications.

The Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At June 30, 2015 the Company's accounts payable and accrued liabilities were $487,144 (June 30, 2014 - $253,862).

11. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There have been no changes to the Company's approach to capital management during the year.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended June 30, 2015 the Company issued 1,242,560 agent options with a fair value of $129,412.

There were no non-cash transactions during the year ended June 30, 2014.

13. DEFERRED INCOME TAX

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the year ended June 30, 2015 and June 30, 2014 as follows:

	2015	2014
Loss for the year	(4,556,458)	(1,108,820)
Expected income tax (recovery)	(1,185,000)	(288,000)
Non Deductible expenses	527,000	73,000
Share issuance costs	89,000	-
Unrecognized deferred tax assets	569,000	215,000
Income tax expenses (recovery)	-	-

The significant components of the Company`s unrecorded deferred tax assets (liabilities) are as follows:

	2015	2014
Deferred tax assets (liabilities):		
Mineral property	427,000	-
Non Deductible Financing Costs	94,000	-
Non Capital losses	1,914,000	497,000
Other	7,000	2,000
Unrecognized deferred tax assets	(2,442,000)	(499,000)
Net deferred tax assets	-	-

Management has not recognized deferred tax assets as there is insufficient certainty as to the timing of when these assets will be realized in the foreseeable future. Note that the $1,374,000 increase in deferred tax assets in the current year relates to the impact of the reverse acquisition accounting of Mobsafety Inc.

14. SUBSEQUENT EVENTS

On August 18, 2015, the Company granted 1,000,000 options to certain directors, management and consultants to purchase shares of the Company at a price of $0.15 for a period of two years.

On September 21, 2015, the Company completed a non-brokered private placement of 8,000,000 units (the “Units”) at a price of $0.15 per unit for gross proceeds of $1,200,000. Each Unit consists of one common share and one half transferable share purchase warrant exercisable at $0.25 for one year.

On October 7, 2015, the Company completed a non-brokered private placement of 1,500,000 units (the “Units”) at a price of $0.20 per unit for gross proceeds of $300,000. Each Unit consists of one common share and one half transferable share purchase warrant exercisable at $0.26 for one year.