

IDENTILLECT TECHNOLOGIES CORP.

(the “Company” or “Identillect”)
(Formerly Identillect Technologies Inc.)

Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in US Dollars)

As at and for the nine months ended September 30, 2015

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in US dollars)

As at

	September 30, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 147,736	\$ 58,721
Receivables	5,157	6,907
Prepaid expenses	38,001	-
	190,894	65,628
Development costs (Note 6)	218,053	472,869
Furniture and equipment	18,435	22,215
Total Assets	\$ 427,382	\$ 560,712
Liabilities and Shareholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 202,323	\$ 135,859
Notes payable (Note 8)	279,271	243,314
Credit facility (Note 8)	429,887	-
Deferred revenue	71,927	15,101
	983,408	394,274
Shareholders' Deficit		
Share capital (Note 9)	2,286,608	1,697,842
Share-based payment reserve	191,420	171,801
Deficit	(3,034,054)	(1,703,205)
	(556,026)	166,438
Total Liabilities and Shareholders' Deficit	\$ 427,382	\$ 560,712

Nature of Operations – Note 1

Going Concern – Note 2

Related Party Transactions – Note 7 and 8

Subsequent Events - Note 10

Approved on behalf of the Board:

"Jeff Durno"

Director

"Todd Sexton"

Director

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

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in US dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
Sales Revenue	\$ 30,943	\$ 11,380	\$ 67,152	\$ 24,258
Expenses				
Amortization (Note 6)	70,047	92,385	258,596	184,770
Consulting fees (Note 7)	73,675	-	121,675	-
Finance and interest costs (Note 7, 8)	25,965	760	53,805	760
General and administrative	23,926	17,904	60,933	43,573
Operating costs	36,434	18,653	77,919	60,285
Professional fees (Note 7)	3,800	32,114	17,589	106,700
Proposed transaction costs	-	-	6,206	-
Rent	17,997	15,670	52,614	36,389
Salaries and wages (Note 7)	276,412	220,038	737,638	587,412
Sales and marketing	11,265	12,361	37,883	39,693
Share-based compensation (Note 7, 9)	3,893	15,248	19,619	61,447
	543,414	424,257	1,444,477	1,121,029
Loss before other items	(512,471)	(413,753)	(1,377,325)	(1,096,771)
Other items:				
Foreign exchange gain	44,349	876	46,476	1,692
Loss and comprehensive loss for the period	\$ (468,122)	\$ (412,877)	\$ (1,330,849)	\$ (1,095,079)
Weighted average number of shares outstanding	20,308,382	17,248,617	19,598,174	16,489,428
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.07)	\$ (0.07)

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

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficit

(Unaudited – Prepared by Management)

(Expressed in US dollars)

	Number of Common Shares	Share Capital Amount	Share-based payment reserve	Deficit	Shareholders' (Deficiency)/ Equity
Balance, December 31, 2013	15,126,747	\$ 1,015,897	\$ 97,276	\$ (157,119)	\$ 956,054
Share issuance – private placements	2,201,200	466,796	-	-	466,796
Share issuance costs	-	(15,000)	-	-	(15,000)
Share-based payments	-	-	61,447	-	61,447
Loss and comprehensive loss	-	-	-	(1,095,079)	(1,095,079)
Balance, September 30, 2014	17,327,947	\$ 1,467,693	\$ 158,723	\$ (1,252,198)	\$ 374,218
Balance, December 31, 2014	18,388,947	\$ 1,697,842	\$ 171,801	\$ (1,703,205)	\$ 166,438
Share issuance – private placements	3,139,000	601,093	-	-	601,093
Share issuance costs	-	(12,327)	-	-	(12,327)
Share-based payments	-	-	19,619	-	19,619
Loss and comprehensive loss	-	-	-	(1,330,849)	(1,330,849)
Balance, September 30, 2015	21,527,947	\$ 2,286,608	\$ 191,420	\$ (3,032,537)	\$ (556,026)

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

Identillect Technologies Corp.
(formerly Identillect Technologies Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in US dollars)

	For the nine months ended September 30,	
	2015	2014
Cash provided by (used for):		
Operating Activities:		
Loss for the period	\$ (1,330,849)	\$ (1,095,079)
Items not affecting cash:		
Amortization	258,596	184,770
Interest accrued (Note 8)	38,805	760
Financing fee accrual (Note 8)	15,000	-
Share-based compensation (Note 9)	19,619	61,447
Changes in non-cash working capital items:		
Amounts receivable	1,750	6,826
Accounts payable and accrued liabilities	66,464	40,458
Deferred revenue	56,826	
Prepaid expenses	(38,001)	
	(911,790)	(800,818)
Investing Activities:		
Increase in development costs (Note 6)	-	(168,361)
Financing Activities:		
Proceeds from share issuance (Note 9)	601,093	466,796
Share issuance costs (Note 9)	(12,327)	(15,000)
Repayment of loan (Note 8)	(87,537)	-
Repayment of credit facility (Note 8)	(56,042)	-
Proceed from credit facility (Note 8)	452,057	-
Proceeds from loans (Note 8)	103,561	157,464
	1,000,805	609,260
(Decrease)/Increase in cash for the period	89,015	(359,919)
Cash, beginning of the period	58,721	420,265
Cash, end of the period	\$ 147,736	\$ 60,346
Supplemental information:		
	2015	2014
Interest Paid	\$ -	\$ -
Income taxes	\$ -	\$ -

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

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the nine months ended September 30, 2015

(Unaudited – Prepared by Management)

(Expressed in US dollars)

1. NATURE OF OPERATIONS

Identillect Technologies Corp. (the "Company" or "Identillect Corp.") is a private company that was incorporated on November 7, 2014 under the British Columbia Business Corporations Act. The Company's registered and records office is located at 2200 HSBC Building – 885 West Georgia Street, Vancouver, BC V6C 3E8. On November 25, 2014, the Company completed a share exchange, on a one for one basis, with Identillect Technologies Inc. ("Identillect Inc."), whereby the former shareholders of Identillect Inc. became 100% of the shareholders of Identillect Corp. and Identillect Inc. became a wholly owned subsidiary of the Company.

Identillect Inc. is a privately held technology company that has developed an email encryption software solution, incorporated under the name "Defend Mail, Inc." pursuant to the provisions of the Nevada Corporations Act with operations in Orange County, California. It changed its name to "Identillect Technologies Inc." on October 12, 2010. The head office of Identillect Inc. is located at 30950 Rancho Viejo Rd., Ste. 120, San Juan Capistrano, CA 92675.

2. GOING CONCERN

These 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 at least the next twelve months. Realization values may be substantially different from carrying values as shown and these 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. Such adjustments could be material.

As at September 30, 2015, the Company is still in its early stages of commercialization, had not yet achieved profitable operations, had an accumulated deficit of \$3,034,054 (2014 – \$1,703,205) since inception, had a working capital deficit of \$792,514 (2014 - \$328,646), and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop its existing project and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. The success of the Company's endeavours cannot be predicted at this time. 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.

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the nine months ended September 30, 2015

(Unaudited – Prepared by Management)

(Expressed in US dollars)

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standard Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, using accounting policies that the Company expects to adopt in its annual consolidated financial statements for the year ended December 31, 2015. These condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the Company’s most recent audited annual consolidated financial statements for the year ended December 31, 2014.

The financial statements of the Company are presented in US dollars, which is the functional currency of the Company. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary:

Name of Subsidiary	Ownership	Activity
Identillect Technologies Inc.	a Nevada corporation incorporated on August 24, 2010	The Delivery Trust operating company.

The financial statements of the Company were authorized for issue by the Board of Directors on May 31, 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s most recent audited annual consolidated financial statements as at and for the year ended December 31, 2014 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the nine months ended September 30, 2015

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

i. Amortization period for development costs

The Company makes estimates about the expected useful lives of its capitalized development costs based on the estimated current fair value of the cash flows from the Company's anticipated future software sales. Changes to these estimates, which can be significant, could be caused by a variety of factors, including the emergence of competing products which may impact the price of our product or changes in consumer demand that impact our future revenue expectations. Estimates and assumptions are evaluated at least annually. Generally, these adjustments are accounted for on a prospective basis, through amortization expense.

ii. Share-based payments

The fair value of stock options are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Identillect Technologies Corp.

(formerly Identillect Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the nine months ended September 30, 2015

(Unaudited – Prepared by Management)

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Critical accounting judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

i. Determination of functional currency

The functional and reporting currency of the Company is the US dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

ii. Going Concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company. As at September 30, 2015, the Company had a working capital deficiency of \$792,514 (2014 - \$328,646). Additionally, the Company has insufficient funds from which to finance its operating activities for the next 12 months; consequently, the Company remains dependent on external sources of financing until such time as it can internally generate sufficient income from software sales to service its on-going operating cost requirements.

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6. DEVELOPMENT COSTS

Following the commercial launch of the Company's Delivery Trust Software during the year ended December 31, 2014, the Company began amortizing the costs of its development cost on a straight-line basis over two years.

	December 31, 2013	2014 Additions	December 31, 2014	Additions/ (Dispositions)	September 30, 2015
Development costs:					
Cloud service fees	\$ 3,151	\$ 2,835	\$ 5,986	-	\$ 5,986
Computer, software and internet costs	13,811	1,907	15,718	-	15,718
Consulting	40,555	4,000	44,555	-	44,555
Dues and subscriptions	11,497	1,091	12,588	-	12,588
Financing costs	28,955	-	28,955	-	28,955
Other	5,500	-	5,500	-	5,500
Professional fees	80,491	34,960	115,451	-	115,451
Program Engineering	140,835	52,356	193,191	-	193,191
Supplies and support	12,665	10,222	22,887	-	22,887
Technical Advisors	176,785	-	176,785	-	176,785
Market research	51,066	19,281	70,347	-	70,347
Travel	5,405	11,936	17,341	-	17,341
Total development costs	\$ 570,716	\$ 138,588	\$ 709,304	-	\$ 709,304
	December 31, 2013	2014 Additions	December 31, 2014	Amortization for the nine months ended September 30, 2015	September 30, 2015
Accumulated Amortization	\$ -	-	\$ 236,435	254,816	\$ 491,251
Net book Value	\$ 570,716	-	\$ 472,869	-	\$ 218,053

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7. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as directors and officers. The following table summarizes the Company's activities with key management personnel:

Type of Service	Nature of Relationship	For the three months ended September 30,		For the nine months ended September 30,	
		2015	2014	2015	2014
Finance fees and Interest expense	A Director and a company controlled by a director	\$ 25,965	\$ 760	\$ 53,805	\$ 760
Salaries/ wages expense	Officers	87,120	87,600	261,360	203,250
Legal Fees	To a law firm for which a director is a partner thereof	-	-	1,839	18,322
Consulting fees	To companies related to directors/officers	24,675	28,728	72,675	57,603
Share-based payments	Officers/ Directors	7,589	11,660	19,619	46,989
		\$ 145,349	\$ 128,748	\$ 409,298	\$ 326,924

The following represents amounts due to related parties as at September 30, 2015, not already disclosed elsewhere in these condensed interim financial statements:

Type of Service	Nature of Relationship	September 30, 2015	December 31, 2014
Salaries/ wages payable	Officers	\$ 49,500	\$ 38,000
Reimbursement of expenses	Director	3,388	-
Legal Fees payable	To a law firm for which a director is a partner thereof	19,360	20,229
Consulting fees payable	To companies related to directors/officers	86,475	36,192
		\$ 158,723	\$ 94,421

Unless otherwise specified, amounts payable to related parties referred to are non-interest bearing, unsecured, payable on demand, and have arisen from the provision of services and expense reimbursements.

As at September 30, 2015, the Company owed \$279,271 (2014 - \$243,314) to related parties pursuant to loans payable (Note 8).

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Notes to the Condensed Consolidated Interim Financial Statements

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8. LOANS PAYABLE AND CREDIT FACILITIES

As at December 31, 2014, loans payable to directors of the Company amounted to \$243,314. During the six months ended June 30, 2015, the Company received \$110,229 in additional proceeds from loans. The loans payable are unsecured, bear interest at 5% per annum, and are due on demand.

During the nine months ended September 30, 2015, the Company received \$339,105 in proceeds by way of a Credit Facility (the “Facility”) dated March 16, 2015, as amended on May 26, 2015, and July 23, 2015, with a director of the Company. On November 26, 2015 this Facility also assumed any notes payable existing prior to the establishment of the Facility, and is secured against the assets of the Company.

The credit facility requires additional financing fees at the following schedule:

1. C\$15,000, if the Credit Facility is repaid before May 31, 2015;
2. C\$20,000, if the Credit Facility is repaid between June 1, 2015 to November 30, 2015; and
3. C\$40,000, if the Credit Facility is repaid any time after November 30, 2015.

	Principal	Accumulated Interest	Total Debt
Loan payable			
December 31, 2013	\$ -	\$ -	\$ -
Proceeds	240,000	-	240,000
Interest expense	-	3,314	3,314
December 31, 2014	\$ 240,000	\$ 3,314	\$ 243,314
Proceeds	103,125	-	103,125
Repayment	(87,537)	-	(87,537)
Interest expense	-	20,370	20,370
September 30, 2015	\$ 255,588	\$ 23,684	\$ 279,272

	Principal	Accumulated Interest	Total Debt
Credit facility			
December 31, 2013, 2014	\$ -	\$ -	\$ -
Proceeds	452,057	-	452,057
Repayment	(56,042)	-	(56,042)
Financing fee	15,000	-	15,000
Interest accrued	-	18,872	18,872
September 30, 2015	\$ 411,015	\$ 18,872	\$ 429,887

Amounts owing under the Facility are due on closing of the Acquisition, or if the Acquisition is not closed by December 31, 2015 the Facility is due on the demand of the lender. The Facility accrues interest at 10% compounded annually.

Identillect Technologies Corp.**(formerly Identillect Technologies Inc.)**

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the nine months ended September 30, 2015

(Unaudited – Prepared by Management)

(Expressed in US dollars)

9. SHARE CAPITAL AND RESERVES**a. Authorized**

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

b. Issued and outstanding

During the nine months ended September 30, 2015, the Company issued 3,139,000 common shares for net proceeds of \$588,766.

During the year ended December 31, 2014, the Company issued 3,262,200 common shares for gross proceeds of \$703,040. Cash finders' fees of \$21,094 were paid in connection with these share issuances.

c. Stock Options

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2013	1,300,000	\$ 0.20
Forfeited	(25,000)	\$ 0.20
Balance, December 31, 2014 and September 30, 2015	1,275,000	\$0.20

At September 30, 2015, a summary of stock options outstanding and exercisable are as follows:

Grant Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
November 30, 2013	1,275,000	1,020,000	\$0.20	November 30, 2018	3.17

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Notes to the Condensed Consolidated Interim Financial Statements

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9. SHARE CAPITAL AND RESERVES**c. Warrants**

During the nine months ended September 30, 2015, 2,200,000 warrants were issued as parts of units in connection with a private placement share issuance. Each full warrant will be exercisable into one Identillect Corp. common share at a price of Cdn\$0.40 per share for a period of 18 months from the closing of the Acquisition.

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2013 and 2014	333,333	CDN\$ 0.25
Expired	(333,333)	(CDN\$ 0.25)
Issued	2,200,000	CDN\$ 0.40
Balance, September 30, 2015	2,200,000	CDN\$ 0.40

10. SUBSEQUENT EVENTS

On November 10, 2015, the Company completed a stock split whereby shareholders of the Company received 1.15 common shares for each 1 (one) common share held.

On November 26, 2015, the Company closed its previously announced non-brokered private placement of 1,400,000 units at a price of CDN\$0.25 per unit, for total gross proceeds of CDN\$350,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder thereof to purchase an additional common share of the Company at CDN\$0.40 per common share for a period of 18 months from the date of the issuance of the common share purchase warrants.

On May 24, 2016, the Company announced that pursuant to an amalgamation agreement, dated January 19, 2015, as amended August 25, 2015, November 19, 2015, and May 3, 2016, the Company had amalgamated with 1021784 B.C. Ltd., a wholly-owned subsidiary of Identillect Technologies Corp (formerly Quentin Ventures Ltd.) ("Pubco") to form Identillect Technologies Inc. ("Private Identillect"), also a wholly owned subsidiary of Pubco. Pursuant to the transaction, shareholders of the Company received 26,157,139 common shares of Pubco and 3,600,000 share purchase warrants exercisable at CDN\$0.40 for 18 months. Pubco also issued 5,000,000 preferred shares that will convert to an additional 5,000,000 common shares if Identillect achieves revenues of CDN\$10,000,000 for the fiscal year ending December 31, 2016. An aggregate of CDN\$580,000 in shareholder loans were also converted into unsecured debentures of Pubco. The debentures are payable in 18 months, bearing interest at 7% per annum and are convertible into common shares, at the option of the holders, at CDN\$0.30 per share.

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10. SUBSEQUENT EVENTS (continued)

In connection with closing, an additional \$2,398,500 was raised and Pubco issued an additional 11,992,500 common shares and 11,992,500 share purchase warrants to the private placement investors. 10,742,500 of the warrants entitle the holders to acquire an additional common share at a price of CDN\$0.30 for a period of one year. The remaining 1,250,000 warrants are exercisable at CDN\$0.40 for 18 months. The securities, other than 210,000 units which were issued by Pubco and are subject to a four month hold period, became free trading on completion of the transaction. Following the completion of transaction, Pubco has a total of 46,134,651 common shares issued and outstanding.