



VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Voleo Trading Systems Inc. (formerly "Logan Resources Ltd.")

Opinion

We have audited the consolidated financial statements of Voleo Trading Systems Inc. (formerly "Logan Resources Ltd.") (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. In addition, we draw attention to Note 19 of the financial statements, which indicates that a recent health crisis may have an adverse impact on the Company's future operations. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

April 17, 2020



An independent firm
associated with Moore
Global Network Limited

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

	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
ASSETS		
Current assets		
Cash	\$ 1,449,109	\$ 239,361
Amounts receivable (note 4)	30,122	9,004
Prepaid expenses (note 5)	201,572	47,207
Promissory note receivable (note 6)	-	109,780
Investment (note 7)	1	-
	<u>1,680,804</u>	<u>405,352</u>
Deposits (note 8)	200,595	47,890
Equipment (note 9)	8,537	1,716
	<u>\$ 1,889,936</u>	<u>\$ 454,958</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 11)	\$ 584,822	\$ 182,509
Obligation to issue common shares (note 12)	98,527	-
	<u>683,349</u>	<u>182,509</u>
Equity		
Share capital (note 12)	12,148,811	5,805,559
Other equity reserves	1,439,422	791,547
Accumulated other comprehensive income	71	4,740
Deficit	<u>(12,381,717)</u>	<u>(6,329,397)</u>
	<u>1,206,587</u>	<u>272,449</u>
	<u>\$ 1,889,936</u>	<u>\$ 454,958</u>

Nature of operations and going concern (note 1)
Commitments (note 18)
Subsequent events (note 19)

Approved on April 17, 2020 on behalf of the Board of Directors:

“Jay Sujir” Director
Jay Sujir

“Mark Morabito” Director
Mark Morabito

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

	FOR THE YEAR ENDED DECEMBER 31, 2019	FOR THE YEAR ENDED DECEMBER 31, 2018
REVENUE	\$ 20,963	\$ 11,074
EXPENSES (note 13)		
Marketing and investor relations	964,232	249,710
General and administration	939,574	478,797
Research and development	586,889	495,892
Commercialization and licensing	176,935	59,904
Broker dealer compliance	104,145	97,837
Clearing and execution	82,197	5,383
	(2,853,972)	(1,387,523)
OTHER ITEMS		
Listing expense (note 3)	(2,952,937)	-
Loss on forgiveness of promissory note (note 6)	(113,731)	-
Impairment loss (note 7)	(175,499)	-
Interest income	31,765	5,650
Foreign exchange loss	(8,909)	(3,938)
	(3,219,311)	1,712
LOSS FOR THE YEAR	(6,052,320)	(1,374,737)
Foreign currency translation	(4,669)	2,623
COMPREHENSIVE LOSS FOR THE YEAR	\$ (6,056,989)	\$ (1,372,114)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.02)
Weighted average number of common shares outstanding	96,183,738	76,692,464

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

	FOR THE YEAR ENDED DECEMBER 31, 2019	FOR THE YEAR ENDED DECEMBER 31, 2018
OPERATING ACTIVITIES		
Loss for the year	\$ (6,052,320)	\$ (1,374,737)
Items not affecting cash:		
Listing expense	2,952,937	-
Share-based payments	424,101	59,904
Loss on forgiveness of promissory note	113,731	-
Impairment loss	175,499	-
Common shares issued for services	-	140,000
Interest income accrued	(3,961)	(5,604)
Depreciation	2,559	981
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(24,565)	135,786
Amounts receivable	(18,208)	52
Deposits	(149,865)	-
Prepaid expenses	(95,547)	(25,791)
Cash used in operating activities	<u>(2,675,639)</u>	<u>(1,069,409)</u>
INVESTING ACTIVITIES		
Reverse takeover transaction	2,610	-
Purchase of equipment	(9,380)	-
Cash used in investing activities	<u>(6,770)</u>	<u>-</u>
FINANCING ACTIVITIES		
Promissory note receivable	10	-
Issuance of common shares	4,322,400	1,084,449
Obligation to issue common shares	98,527	-
Share issue costs	(527,021)	(19,332)
Cash provided by financing activities	<u>3,893,916</u>	<u>1,065,117</u>
Net change in cash during the year	1,211,507	(4,292)
Effect of foreign exchange on cash	(1,759)	(1,272)
Cash, beginning of the year	239,361	244,925
Cash, end of the year	\$ 1,449,109	\$ 239,361
Cash received for		
Interest	\$ 27,765	\$ 46
Taxes	\$ -	\$ -

Supplemental disclosures with respect to cash flows (note 14)

VOLEO TRADING SYSTEMS INC.
(FORMERLY "LOGAN RESOURCES LTD.")
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	NUMBER OF COMMON SHARES	SHARE CAPITAL	OTHER EQUITY RESERVES	DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance, December 31, 2017	72,421,605	\$ 4,542,795	\$ 734,790	\$ (4,954,660)	\$ 2,117	\$ 325,042
Private placement (note 12)	5,279,466	1,086,949	-	-	-	1,086,949
Bonus shares (note 12)	359,773	-	-	-	-	-
Exercise of stock options (note 12)	367,880	55,147	(3,147)	-	-	52,000
Shares issued for services (notes 12 and 18)	680,000	140,000	-	-	-	140,000
Share issue costs (note 12)	17,000	(19,332)	-	-	-	(19,332)
Share-based payments (note 18)	-	-	59,904	-	-	59,904
Loss for the year	-	-	-	(1,374,737)	-	(1,374,737)
Translation adjustment	-	-	-	-	2,623	2,623
Balance, December 31, 2018	79,125,724	5,805,559	791,547	(6,329,397)	4,740	272,449
Private placement (note 12)	1,055,600	263,900	-	-	-	263,900
Fractional rounding due to share exchange (note 3)	(23)	-	-	-	-	-
Reverse takeover transaction (note 3)	11,115,786	2,778,946	43,057	-	-	2,822,003
Prospectus offering (note 12)	16,234,000	4,058,500	-	-	-	4,058,500
Share issue costs (note 12)	122,780	(758,094)	180,717	-	-	(577,377)
Share-based payments (notes 12 and 18)	-	-	424,101	-	-	424,101
Loss for the year	-	-	-	(6,052,320)	-	(6,052,320)
Translation adjustment	-	-	-	-	(4,669)	(4,669)
Balance, December 31, 2019	107,653,867	\$ 12,148,811	\$ 1,439,422	\$ (12,381,717)	\$ 71	\$ 1,206,587

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

As at December 31, 2019, the Company had a working capital of \$997,455 and an accumulated deficit of \$12,381,717. During the year ended December 31, 2019, the Company completed equity financing for gross proceeds of \$4,322,400 (note 12); the proceeds of which will be used to further the business objectives of the Company and for working capital purposes. At present, the Company has no material operating income or cash flows. The Company intends to finance its future requirements through equity issuances or the sale of assets. There is no assurance that the Company will be able to obtain additional financing or obtain it on favorable terms. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments related to the recoverability of assets and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”).

Basis of consolidation

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

2. BASIS OF PRESENTATION *(continued)*

Critical accounting estimates and judgments

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

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

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

Financial instruments

IFRS 9, *Financial Instruments* (“IFRS 9”) provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

Financial instruments *(continued)*

Financial assets

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company, Voleo, Inc., and Cryptoleo, Inc. is the Canadian dollar and the functional currency of Voleo USA is the United States dollar.

2. BASIS OF PRESENTATION *(continued)*

Foreign currency translation *(continued)*

Accordingly, the accounts of Voleo USA are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- income and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions occurring in currencies other than the functional currency of the entity in question are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Income and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments expense and other equity reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The other equity reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted loss per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred until such time they meet criteria specific for deferral and amortization. Management assesses whether it has met such criteria at each reporting date. In making the assessment, management considers the status of product development, including but not limited to technical feasibility, intention to complete, ability to use and sell, probability of future economic benefits, and availability of adequate resources. The Company has not deferred any product development expenditures to date.

2. BASIS OF PRESENTATION *(continued)*

Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

Revenue includes commissions, rebates and subscription fees and is recognized on a trade date basis.

Equipment

Equipment is carried at cost, less accumulated depreciation. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided for at the following rates:

Asset	Rate
Computer equipment	3 years, straight-line method

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of loss and comprehensive loss.

The residual values, useful lives, and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

Income taxes

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

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting period 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 taxable temporary differences arising on the initial recognition of goodwill and 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 or loss.

2. BASIS OF PRESENTATION *(continued)*

Income taxes *(continued)*

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 recovered. Deferred tax assets and liabilities are presented separately except where there is a right to offset within a fiscal jurisdiction.

Leases

On January 1, 2019, the Company adopted IFRS 16, *Leases* (“IFRS 16”). IFRS 16 eliminates the classification of operating leases and requires lessees to recognize a right-of-use asset and lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17’s approach to lessor accounting; and introduces new disclosure requirements. The Company has no leases and accordingly the adoption of IFRS 16 had no impact on the consolidated financial statements on adoption on January 1, 2019.

3. REVERSE TAKEOVER TRANSACTION (“RTO”)

On May 28, 2019, the Company acquired all of the issued and outstanding shares of Voleo, Inc. by completing a three-cornered amalgamation pursuant to a definitive agreement dated January 29, 2018 (the “Transaction”). The shareholders of Voleo, Inc. exchanged all of their issued and outstanding common shares for 80,181,301 common shares of the Company as consideration. 1.7 common shares of the Company were issued in exchange for every one common share held of Voleo, Inc. Outstanding warrants and stock options of the Company and Voleo, Inc. automatically became exercisable for or could be exchanged for options to acquire common shares of the Company, subject to all necessary adjustments to reflect the terms of the Transaction and subject to the terms governing the warrants and stock options.

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

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

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

VOLEO TRADING SYSTEMS INC.
(FORMERLY “LOGAN RESOURCES LTD.”)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Expressed in Canadian dollars)

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

The Transaction was recorded as follows:

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

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

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

4. AMOUNTS RECEIVABLE

	DECEMBER 31, 2019	DECEMBER 31, 2018
Sales tax receivable	\$ 29,972	\$ 7,915
Other receivables	150	1,089
	\$ 30,122	\$ 9,004

VOLEO TRADING SYSTEMS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Expressed in Canadian dollars)

5. PREPAID EXPENSES

	DECEMBER 31, 2019	DECEMBER 31, 2018
Marketing and investor relations	\$ 125,009	\$ -
Insurance	34,900	-
Broker dealer compliance	22,159	23,459
Other	11,432	998
Regulatory	8,072	-
Deferred transaction costs	-	22,750
	\$ 201,572	\$ 47,207

6. PROMISSORY NOTE RECEIVABLE

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

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

During the year ended December 31, 2019, the Company accrued interest income of \$3,961 (2018 - \$5,604) with respect to the Promissory Note.

During the year ended December 31, 2019, the Company and the CCO entered into a debt settlement and release agreement pursuant to which the Promissory Note was extinguished for cash consideration of \$10. As a result, the Company recorded a loss on forgiveness of \$113,731 which included the principal balance of the Promissory Note of \$100,000 and accrued interest of \$13,741, net of cash consideration received from the CCO of \$10.

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

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7. INVESTMENT

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

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

Based on an assessment of market conditions and liquidity risk, the Company recorded an impairment loss with respect to common shares held of K2 of \$175,499 during the year ended December 31, 2019, and impaired the investment to \$1.

8. DEPOSITS

	DECEMBER 31, 2019	DECEMBER 31, 2018
Clearing deposit	\$ 194,845	\$ 47,890
Corporate credit card deposit	5,750	-
	<u>\$ 200,595</u>	<u>\$ 47,890</u>

Clearing deposit

On April 28, 2016, Voleo USA entered into a fully disclosed clearing agreement (the “Clearing Agreement”) with Apex Clearing Corporation (“Apex”) whereby Apex performs the function of a clearing broker to maintain cash, margin, option or other accounts for Voleo USA and its customers. Pursuant to the Clearing Agreement, Voleo USA is required to maintain a minimum deposit account with Apex (the “Deposit Account”) (note 18).

During the year ended December 31, 2019, the Company deposited an additional \$150,098 (2018 - \$nil), net of transaction fees deducted of \$233 (2018 - \$nil), earned interest income of \$119 (2018 - \$46) and recorded an unrealized foreign exchange loss of \$3,029 (2018 – gain of \$3,849) in connection with the Deposit Account.

Corporate credit card deposit

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

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9. EQUIPMENT

	Equipment	
Cost		
Balance, December 31, 2017 and 2018	\$	2,942
Additions		9,380
Balance, December 31, 2019	\$	12,322
Accumulated Depreciation		
Balance, December 31, 2017	\$	245
Depreciation		981
Balance, December 31, 2018		1,226
Depreciation		2,559
Balance, December 31, 2019	\$	3,785
Net book value		
As at December 31, 2018	\$	1,716
As at December 31, 2019	\$	8,537

For the year ended December 31, 2019, depreciation expense of \$2,559 (2018 - \$981) was included in research and development expenses in the consolidated statements of loss and comprehensive loss.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	DECEMBER 31,		DECEMBER 31,	
	2019		2018	
Trade payables	\$	407,228	\$	157,424
Accrued liabilities		177,594		25,085
	\$	584,822	\$	182,509

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

11. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management personnel

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

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

Key management personnel *(continued)*

Remuneration attributed to key management personnel for the years ended December 31, 2019 and 2018 can be summarized as follows:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Short-term benefits	\$ 242,925	\$ 134,823
Share-based payments (notes 12 and 18)	232,271	-
	\$ 475,196	\$ 134,823

Other related party transactions

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, for the years ended December 31, 2019 and 2018 include the following:

	DECEMBER 31, 2019	DECEMBER 31, 2018
King & Bay West Management Corp.	\$ 256,590	\$ 146,487
SecuritiesLawUSA, PC	8,247	-
	\$ 264,837	\$ 146,487

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

Kewpac Investments Inc. (“Kewpac”): Kewpac is an entity that is controlled by a former director of the Company and provides corporate advisory services with respect to commercializing and licensing (note 18).

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

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

Related party balances

Accounts payable and accrued liabilities

As at December 31, 2019, accounts payable and accrued liabilities include the following amounts due to related parties:

- CCO of the Company - \$4,334 (2018 - \$5,246) with respect to expenses incurred on behalf of the Company.
- Momentum Ventures Inc., a company controlled by the CCO of the Company - \$15,750 (2018 - \$10,500) with respect to consulting services.
- King & Bay West - \$159,852 (2018 - \$57,694) with respect to the services described above.

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

Equity

During the year ended December 31, 2018, the Company issued 103,738 common shares to related parties for \$nil consideration as follows:

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

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

12. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common share issuances

During the year ended December 31, 2019, the Company issued 1,055,600 units for gross proceeds of \$263,900. Each unit consists of one common share and one-half of one warrant. 527,798 warrants were issued with an exercise price of \$0.40 and expiry of April 30, 2021. The Company incurred share issue costs of \$5,695. The Company also issued 22,780 units to agents. Each unit issued to the agents consists of one common share and one warrant with an exercise price of \$0.40 and expiry of April 30, 2021. The common shares and warrants issued to the agents had fair values of \$5,695 and \$4,018, respectively, which were recorded as share issue costs.

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12. SHARE CAPITAL *(continued)*

Common share issuances *(continued)*

During the year ended December 31, 2019, the Company closed a prospectus offering in connection with the Transaction and issued 16,234,000 units for gross proceeds of \$4,058,500. Each unit consists of one common share and one-half of one warrant. 8,117,000 warrants were issued with an exercise price of \$0.40 and expiry of April 30, 2021. In connection with the prospectus offering, the Company incurred share issue costs of \$571,682 of which \$50,356 is included in accounts payable and accrued liabilities as of December 31, 2019. The Company also issued to agents (i) 100,000 units to agents with each unit consisting of one common share and one-half of one warrant with an exercise price of \$0.40 and expiry of April 30, 2021, and (ii) 1,298,720 compensation options with an exercise price of \$0.25 and expiry of April 30, 2021. The common shares, warrants and compensation options issued to agents had fair values of \$25,000, \$5,188 and \$171,511, respectively, and were recorded as share issue costs.

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

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

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

Obligation to issue common shares

As at December 31, 2019, the Company had received share subscriptions of US\$75,000 (\$98,527) (2018 - \$nil) for which common shares had not yet been issued. The amount received relates to an agreement with Fidelity Information Services, LLC for the right to purchase common shares of the Company (note 18). Subsequent to the year ended December 31, 2019, the Company issued 395,040 common shares to satisfy the obligation (note 19).

Stock options

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

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12. SHARE CAPITAL *(continued)*

Stock options *(continued)*

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

The following table summarizes stock option activity for the years ended December 31, 2019 and 2018:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2017	3,782,500	\$0.22
Exercised	(367,880)	\$0.14
Expired	(732,700)	\$0.12
Outstanding, December 31, 2018	2,681,920	\$0.25
Issued	4,429,000	\$0.25
Reverse takeover transaction (note 3)	480,000	\$0.59
Expired	(2,392,920)	\$0.26
Forfeited	(800,000)	\$0.25
Outstanding, December 31, 2019	4,398,000	\$0.28

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

As at December 31, 2019, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry date
50,000	50,000	\$0.60	0.30	April 19, 2020
204,000	204,000	\$0.18	0.55	July 20, 2020
85,000	85,000	\$0.18	1.06	January 20, 2021
410,000	410,000	\$0.60	1.59	August 4, 2021
3,649,000	912,250	\$0.25	4.41	May 28, 2024
4,398,000	1,661,250			

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

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12. SHARE CAPITAL *(continued)*

Stock options *(continued)*

During the year ended December 31, 2019, the Company recognized share-based payment expense with respect to stock options of \$414,366 which was included in general and administration, research and development and marketing and investor relations expenses in the amounts of \$298,695, \$42,709 and \$72,962, respectively. No share-based payment expense was recorded during the year ended December 31, 2018 with respect to stock options.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the years ended December 31, 2019 and 2018:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Risk-free interest rate	1.44%	-
Expected life (years)	5	-
Annualized volatility	100%	-
Dividend yield	-%	-

Warrants

The following table summarizes warrant activity for the years ended December 31, 2019 and 2018:

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

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of compensatory warrants. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the years ended December 31, 2019 and 2018:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Risk-free interest rate	1.56%	-
Expected life (years)	2	-
Annualized volatility	100%	-
Dividend yield	-%	-

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12. SHARE CAPITAL *(continued)*

Warrants *(continued)*

As at December 31, 2019, the following warrants were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
8,717,578	\$0.40	1.33	April 30, 2021
847,570	\$0.12	5.15	February 20, 2025
9,565,148			

Compensation options

The following table summarizes compensation option activity for the years ended December 31, 2019 and 2018:

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

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of compensation options. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the weighted average grant date fair values during the years ended December 31, 2019 and 2018:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Risk-free interest rate	1.56%	-
Expected life (years)	2	-
Annualized volatility	100%	-
Dividend yield	-%	-

As at December 31, 2019, the following compensation options were outstanding:

Outstanding	Exercise Price	Remaining life (years)	Expiry date
1,298,720 ⁽¹⁾	\$0.25	1.33	April 30, 2021

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

12. SHARE CAPITAL *(continued)*

Restricted share units

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

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

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

During the year ended December 31, 2019, the Company committed to granting 300,000 RSUs to consultants of the Company with each RSU exercisable into one common share of the Company or the cash equivalent thereof upon the vesting conditions being met for a period of one year from the grant date. The Company recorded share-based payment expense of \$17,847 which was included in commercialization and licensing and research and development in the amounts of \$11,898 and \$5,949, respectively. The share-based payment expense related to RSUs was determined based on the Company's closing share price on December 31, 2019 using the graded vesting method.

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13. EXPENSES BY NATURE

	DECEMBER 31, 2019	DECEMBER 31, 2018
Consulting	\$ 949,624	\$ 724,356
Marketing and public relations	608,516	138,510
Share-based payments (notes 12 and 18)	424,101	59,904
Professional fees	316,947	149,831
Salaries and benefits	154,331	154,388
Travel	88,135	25,824
Clearing and execution	82,197	5,383
Computer and software	74,586	62,314
Regulatory and compliance	68,983	22,772
Office and miscellaneous	51,582	15,966
Rent	32,411	27,294
Depreciation (note 9)	2,559	981
	\$ 2,853,972	\$ 1,387,523

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Non-cash transactions from investing or financing activities during the year ended December 31, 2019 are summarized below:

- The Company recognized a listing expense of \$2,952,937 pursuant to the Transaction (note 3).
- The Company issued warrants and compensation options to agents in connection with a private placement and a prospectus offering. The fair value of \$180,717 was recorded as share issue costs (note 12).
- The Company recognized a loss on forgiveness of the Promissory Note of \$113,731 comprised of the principal balance of \$100,000 and accrued interest of \$13,741, net of cash consideration received of \$10 (note 6).
- As at December 31, 2019, accounts payable and accrued liabilities include \$50,356 with respect to share issue costs (note 10).

Non-cash transactions from investing or financing activities during the year ended December 31, 2018 are summarized below:

- The Company issued 680,000 common shares valued at \$140,000 for services (notes 12 and 18).
- The Company issued 251,795 common shares to settle accounts payable of \$43,700 (note 12).
- The Company issued 91,800 common shares which was applied to amounts due to a shareholder \$10,800 (note 12).

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15. INCOME TAXES

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	DECEMBER 31, 2019	DECEMBER 31, 2018
Loss for the year	\$ 6,052,320	\$ 1,374,737
Income tax recovery at statutory rates	\$ (1,634,000)	\$ (371,000)
Permanent differences	129,000	17,000
Share issue costs	(204,000)	(43,000)
Impact of different foreign statutory tax rates on earnings of subsidiaries	(13,000)	(8,000)
Changes in unrecognized deductible temporary differences	1,722,000	405,000
Total income tax recovery	\$ -	\$ -

The significant deductible temporary differences, unused tax losses and expiry dates are as follows:

	December 31, 2019	Expiry Date Range	December 31, 2018
Non-capital losses available for future period – Canada	\$ 9,554,000	2033 – 2039	\$ 5,017,000
Non-capital losses available for future period – United States	\$ 569,000	No expiry	\$ 366,000
Share issue costs	\$ 600,000	No expiry	\$ 19,000

Tax attributes are subject to review and potential adjustment by tax authorities.

16. CAPITAL MANAGEMENT

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

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

There were no changes to the Company's approach to capital management during the year ended December 31, 2019.

16. CAPITAL MANAGEMENT *(continued)*

Voleo USA is subject to the SEC’s Uniform Net Capital Rule, 15c3-1, (the “Rule”), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, as both defined, shall not exceed 15 to 1. In accordance with the Rule, Voleo USA is required to maintain defined minimum net capital equal to the greater of US\$5,000 or 1/15th of aggregate indebtedness. As at December 31, 2019 and 2018, Voleo USA exceeded the minimum net capital requirement.

17. FINANCIAL INSTRUMENTS

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

Credit risk

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

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

Liquidity risk

The Company’s approach to managing liquidity risk is to have sufficient funds to meet liabilities when they become due. During the year ended December 31, 2019, the Company completed equity financing for gross proceeds of \$4,322,400 (note 12); the proceeds of which will be used to further the business objectives of the Company and for working capital purposes.

Market risk

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

Interest rate risk

As at December 31, 2019, the Company is not exposed to interest rate risk.

Foreign currency risk

Voleo USA incurs operating expenditures denominated in US dollars in connection with its registered broker dealer functions, exposing the Company to foreign currency risk. The Company’s financing has been primarily denominated in Canadian dollars but any future equity raised may be in either US dollars or Canadian dollars. As at December 31, 2019, approximately 3% of cash and 97% of deposits are held in US dollar bank or brokerage accounts. A 10% change in the Canadian dollar versus the US dollar would affect the loss of the Company by approximately \$2,000 and the comprehensive loss of the Company by approximately \$21,000.

17. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

Other price risk

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

The Company is exposed to price risk with respect to its investment in K2. The Company has determined that its ability to realize on this investment is uncertain and has therefore reduced the carrying value to \$1 (note 7).

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

18. COMMITMENTS

Apex Clearing Agreement

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

Pursuant to the Clearing Agreement, as amended, Voleo USA is required to maintain a minimum balance in the Deposit Account (note 8). During the year ended December 31, 2019, Voleo USA increased the balance of the Deposit Account to US\$150,000 in accordance with the Clearing Agreement.

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

Kewpac Consulting Agreement

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

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

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

18. COMMITMENTS *(continued)*

Kewpac Consulting Agreement *(continued)*

As of December 31, 2019, there remains 1,020,000 common shares of the Company issuable to Kewpac upon the achievement of certain milestones defined in the Kewpac Consulting Agreement. During the year ended December 31, 2019, the Company recognized a recovery of share-based payments expense of \$8,112 (2018 – expense of \$59,904) based on the estimate of the shares expected to vest. The share-based payments expense (recovery) was based on a share price of \$0.21 and included in commercialization and licensing expense in the consolidated statements of loss and comprehensive loss.

FIS Agreement

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

As at December 31, 2019, the Company had received US\$75,000 (\$98,527) from FIS which is included in the balance of obligation to issue common shares (note 12). Subsequent to the year ended December 31, 2019, the Company issued 395,040 common shares to FIS to satisfy the obligation (note 19).

19. SUBSEQUENT EVENTS

The following reportable events occurred subsequent to the year ended December 31, 2019:

- On February 28, 2020, the Company granted 100,000 RSUs to a consultant of the Company.
- On March 23, 2020, the Company issued 100,000 common shares upon the vesting of 100,000 RSUs.
- In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted.

As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company’s ability to obtain additional financing. The impact on the economy and the Company is not yet determinable; however the Company’s financial position, results of operations and cash flows in future periods may be materially affected. In particular, there may be heightened risk of asset impairment and liquidity or going concern uncertainty. The Company continues to work on revisions to forecasts and plans in light of the current conditions and will use these updated assumptions and forecasts in the measurement of our assets going forward.

Consistent with IFRS, the Company has not reflected these subsequent conditions in the measurement of assets or liabilities as at December 31, 2019.

- On April 15, 2020, the Company issued 395,040 common shares to FIS for consideration received during the year ended December 31, 2019 (notes 12 and 18).