

Voleo Trading Systems Inc.
(formerly "Logan Resources Ltd.")
Management's Discussion & Analysis
For the Year Ended December 31, 2019
Date Prepared: April 17, 2020

GENERAL

The following management's discussion and analysis ("MD&A") is intended to supplement and complement the consolidated financial statements and accompanying notes of Voleo Trading Systems Inc. (formerly "Logan Resources Ltd.") (the "Company" or "Voleo") for the year ended December 31, 2019.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived therefrom are prepared in accordance with International Financial Reporting Standards ("IFRS").

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines to ensure transparency and accountability to shareholders. The Board of Directors' audit committee meets with management quarterly to review the consolidated financial statements and the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking information under applicable securities laws. Forward-looking information is information that relates to future, not past, events. In this context, forward-looking information often addresses expected future business and financial performance, and often contains words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about anticipated future revenues and expenses, the sufficiency of the Company's working capital, the Company's business objectives and plans, the completion of future financings, and the use of financing proceeds contain forward-looking information. By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with a start-up technology business; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other entities; the absence of dividends; competition; dilution; the inability to obtain regulatory approvals; the impact of government regulations in Canada and the United States; the impact of general economic conditions; changing domestic and international industry conditions; the ability of management to implement its operational strategy; the ability to attract qualified management and staff; regulatory risks; financing, capitalization and liquidity risks, including the risk that the financing necessary to fund operations may not be obtained; and the additional risks identified in the "Risk Factors" section of this MD&A.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing; the timely receipt of governmental approvals, including the receipt of approval from regulators in jurisdictions where the Company may operate; the timely commencement of operations and the success of such operations; and the ability of the Company to implement its business plan as intended. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Forward-looking information is based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking information.

DESCRIPTION OF BUSINESS

The Company is a mobile-focused fintech company and has developed mobile applications and software platforms to meet the investment expectations of investors, especially Gen XYZ (those aged 18 to 55), 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 US Securities and Exchange Commission (the “SEC”).

RECENT DEVELOPMENTS

The Company is currently developing a new responsive web app which is being optimised for white-label and facilitates integration into third party banking applications. The responsive platform, which is the biggest improvement to Voleo’s platform since the production apps were built in 2016, is slated to launch in the second quarter of 2020. The Company has partnered with Convergence Concepts Inc. (“Convergence”), a cutting-edge software development, design and consulting agency specializing in enterprise-class custom platforms. The partnership leverages Convergence’s expertise in user-experience and AI development to advance the platform features and user experience of Voleo’s iOS, Android, and web applications. A key outcome of the platform evolution is a unified codebase across all three platforms. This allows streamlined, efficient rollouts of new features and agile testing of marketing and user journeys as the business looks to scale its B2C customer base. The new react-based platforms will also support more nimble, robust integrations with future B2B partners, including credit unions and financial institutions worldwide. The collaboration marks an inflection point in the Company’s evolution as a business, allowing the company to shift its focus towards growth, scalability and user success.

In the first quarter of 2020, Voleo’s user community set new records for account contributions combined with growth in club diversity and size. Voleo users contributed to their investment accounts by utilizing Voleo’s simple recurring contribution feature, increasing assets per funded user compared to the previous year. Voleo continues to attract investors with diverse experience and backgrounds.

In December 2019, the Company began trading on the OTCQB under the symbol “VLEOF”. The OTCQB Venture Market is for early-stage and developing U.S. and international companies, and trading on the OTCQB is consistent with the Company’s strategy of attracting investors as users and vice versa.

In September 2019, the Company announced that it had more than doubled its registered user base over a three month period with Google’s Digital Strategy program. The Google Digital Strategy Program is an initiative that aims to optimize selected start-up companies’ marketing spend by expanding advertising in various targeted categories. The Company executed a series of campaigns using Universal App Campaigns which serves on Ad Mob, Google Play, Search, Google Display Network and YouTube. Google’s paid traffic kicked off the biggest cycle of customer-facing app changes since Voleo’s initial soft-launch. The Company now has a significant base of both organic and paid signups and is onboarding customers by deepening engagement from first login. Rapid, data-driven deployment will further strengthen conversion. To support new registrants, the Company also brought on its first full-time customer activation and support manager. The primary objectives are to onboard new customers and provide them with guidance to accelerate growth. Providing direct access to a dedicated team member establishes trust and affirms the company’s commitment to best-in-class customer service.

In September 2019, the Company rolled out feature updates for its flagship trading platform including an expansion of available securities, which include penny stocks; as a result, Voleo users in the United States are able to trade a broader universe of stocks and ETFs. Additional updates encourage new users to easily form watchlists and participate in the community. Voleo also redesigned its stock research screen and deployed a documents interface that will enhance user experience.

OUTLOOK

On May 28, 2019, the Company acquired all of the issued and outstanding shares of Voleo, Inc. by completing a three-cornered amalgamation (the “Transaction”) which is detailed below in “Reverse Takeover Transaction”. Concurrent with the Transaction, the Company completed a prospectus offering for gross proceeds of \$4,058,500 which is being used to further the Company’s business objectives of developing and commercializing its mobile-first, web enabled, equity trading platforms, including marketing, customer acquisition, technical development, strategic partnerships and general and administrative expenses.

Despite growth and positive indicators toward future growth, which continue during the current COVID-19 crisis, Voleo’s platform will not achieve profitability in 2020. Voleo will require additional injections of capital to continue to fund its operations. Discussions with potential strategic and financial investors are underway, and in order to position Voleo for success in the future, Voleo is undertaking a restructuring of its share capital and outstanding liabilities. Voleo has also significantly reduced operating expenses in areas not connected with customer service and will continue to be vigilant in ongoing expense management. If Voleo is unable to obtain additional financing, it may be required to sell assets or discontinue lines of business.

REVERSE TAKEOVER TRANSACTION

On May 28, 2019, the Company completed the Transaction, and as a result 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.

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 the accompanying consolidated financial statements and this MD&A are those of Voleo, Inc. only.

During the year period ended December 31, 2019, the Company recorded a listing expense of \$2,952,937 which includes the fair value of the Company’s equity instruments of \$2,822,003 and its net liabilities on the transaction date of \$130,934.

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SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

	December 31, 2019	December 31, 2018	December 31, 2017
Revenue	\$ 20,963	\$ 11,074	\$ 2,295
Loss for the year	\$ (6,052,320)	\$ (1,374,737)	\$ (744,291)
Loss per share (basic and diluted)	\$ (0.06)	\$ (0.02)	\$ (0.01)
Total assets	\$ 1,889,936	\$ 454,958	\$ 426,265

During the year ended December 31, 2016, Voleo USA completed the process to become a FINRA member and began to generate commission and rebate revenues during the year ended December 31, 2017. Revenue was earned by Voleo USA on a per trade basis and increased year over year as a result of increased trades from an increased customer base. In the future white-label fees from licensing its technology to third parties are expected to expand the revenue mix. In response to an industry shift to zero commission trading, the Company removed commissions on trades and implemented a subscription model effective December 1, 2019. The subscription model charges monthly fees in place of per trade commissions. The change in fee structure was revenue neutral to the Company at the time of implementation. Future revenue generated on a subscription basis will depend on factors beyond the Company’s control such as the composition of teams and overall trading volumes.

The Company’s expenditures are driven by the availability of financing to fund continued operations. The increase in loss for the year ended December 31, 2019 compared to the previous year is explained by the Transaction and resulting listing expense recognized of \$2,952,937 and increased operating activities thereafter. Operating activities have generally increased since the year ended December 31, 2016 once the Company transitioned from a technology development phase to integration, launch and continued technological advancements. For further detail, refer to “Review of Financial Results”.

The increase in total assets as of December 31, 2019 compared to the year ended December 31, 2018 is primarily attributable to the increased balance of cash as a result of the concurrent financing of the Transaction. As of December 31, 2018 and 2017, the amount, nature and composition of assets remained consistent. Refer to “Statement of Financial Position Information” for further detail.

REVIEW OF FINANCIAL RESULTS

Results of Operations

Revenue

Up to November 30, 2019, revenue was earned by Voleo USA on a per trade basis. Effective December 1, 2019, revenue is generated based on monthly subscription fees as a result of implementing zero commission trading. During the year ended December 31, 2019, the Company recorded revenue of \$20,963 (2018 - \$11,074), the increase in which was a result of increased trades from an increased customer base.

Expenses

During the year ended December 31, 2019, the Company incurred expenses of \$2,853,972 (2018 - \$1,387,523), representing an increase of \$1,466,449 compared to the prior year.

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During the year ended December 31, 2019, the Company incurred personnel costs, including consulting and salaries and benefits, of \$1,103,955 (2018 - \$878,744). The increase in personnel costs during the year ended December 31, 2019 of \$225,211 is due to the Company augmenting its technical team and other organizational changes.

Marketing and public relations expenses for the year ended December 31, 2019 totalled \$608,516 (2018 - \$138,510) and increased by \$470,006 as the Company focused on its marketing and branding strategy, digital customer acquisition, participation in Google’s Digital Strategy Program, conference attendance, and development of content for various media channels.

Share-based payments relate to the fair value of equity instruments over the respective vesting periods. During the year ended December 31, 2019, the Company recorded share-based payments of \$424,101 (2018 - \$59,904), as a result of granting stock options subsequent to closing the Transaction and obligations to issue common shares and restricted share units pursuant to consulting agreements.

The Company incurred professional fees during the year ended December 31, 2019 of \$316,947 (2018 - \$149,831) which relate to accounting, audit, tax and legal fees with respect to the Company’s strategic objectives. The increase in professional fees for the year ended December 31, 2019 of \$167,116 is explained by the completion of the Transaction and the transition from a private to a public company.

During the year ended December 31, 2019, the Company incurred travel costs of \$88,135 (2018 - \$25,824) which primarily related to the advancement of commercialization and licensing efforts, including attending the Fidelity Information Services Fintech Accelerator Program and various fintech conferences. During the year ended December 31, 2019, travel costs also related to the advancement of the Transaction.

In connection with Voleo USA’s broker-dealer operations, during the year ended December 31, 2019, the Company incurred clearing and execution expenses of \$82,197 (2018 - \$5,383), representing an increase of \$76,814. The increase in the expenses of the broker-dealer operations is explained by minimum monthly clearing payments of US\$10,000 which became effective on July 1, 2019. Refer to “Commitments”.

Computer and software expenses increased by \$12,272 during the year ended December 31, 2019 compared to the previous year due to changes in service providers and application requirements.

Regulatory and compliance include costs associated with maintaining a public company in addition to Voleo USA’s broker-dealer operations. During the year ended December 31, 2019, the Company incurred regulatory and compliance costs of \$68,983 (2018 - \$22,772). The increase in regulatory and compliance costs of \$46,211 is explained by the transition from a private to a public company effective May 28, 2019 and successfully listing on the OTCQB effective December 17, 2019.

The Company incurred office and miscellaneous expenses of \$51,582 (2018 - \$15,966) during the year ended December 31, 2019, the increase in which is directly attributable to additional insurance coverage obtained in connection with closing the Transaction and increased overall corporate activities.

Other items

During the year ended December 31, 2019, the Company recorded a non-cash listing expense of \$2,952,937 (2018 - \$nil) as a result of closing the Transaction on May 28, 2019. Refer to “Reverse Takeover Transaction”.

The Company recorded a loss on forgiveness of a promissory note of \$113,731 during the year ended December 31, 2019 as a result of executing a debt settlement and release agreement. Refer to “Statement of Financial Position Information”.

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During the year ended December 31, 2019, the Company recognized an impairment loss of \$175,499 with respect to common shares held of K2 Resources Inc. (“K2”) based on an assessment of market conditions and liquidity risk. Refer to “Statement of Financial Position Information” for additional detail of the Company’s investment in K2.

Interest income for the year ended December 31, 2019 of \$31,765 relates to interest income earned on excess cash on hand and is a function of average cash and cash equivalent balances during the year. During the year ended December 31, 2018, interest income of \$5,650 primarily related to interest accrued on a promissory note receivable.

SUMMARY OF QUARTERLY RESULTS

	Q4	Q3	Q2	Q1
	December 31,	September 30,	June 30,	March 31,
Description	2019	2019	2019	2019
	(\$)	(\$)	(\$)	(\$)
Revenue	6,089	4,583	5,211	5,080
Loss for the period	(927,299)	(1,174,845)	(3,614,456)	(335,720)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.04)	(0.00)
	Q4	Q3	Q2	Q1
	December 31,	September 30,	June 30,	March 31,
Description	2018	2018	2018	2018
	(\$)	(\$)	(\$)	(\$)
Revenue	3,474	3,475	2,081	2,044
Loss for the period	(365,298)	(432,144)	(310,141)	(267,154)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company’s expenditures are driven by the availability of financing to fund continued operations. Quarterly revenue has generally increased as the number of trades and customers have increased. As previously discussed, effective December 1, 2019 the Company implemented zero commission trading and charges monthly subscription fees on a going forward basis. Future revenue generated on a subscription basis will depend on factors beyond the Company’s control such as the composition of teams and overall trading volumes. Loss for each period remained consistent up to the quarter ended March 31, 2019 as the Company focused on advancing both the Transaction and the Company’s technology platforms. The Transaction closed during the quarter ended June 30, 2019 which explains the increased loss for that period and the periods thereafter. Refer to “Reverse Takeover Transaction” and “Results of Operations” for additional discussion.

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FOURTH QUARTER

Revenue

During the three month periods ended December 31, 2019 and 2018, the Company recorded revenue of \$6,089 and \$3,474, respectively. The increase in revenue of \$2,615 for the three month period ended December 31, 2019 compared to the same period of the prior year was a result of increased trades from an increased customer base.

Expenses

During the three month period ended December 31, 2019, the Company incurred expenses of \$764,558 (2018 - \$369,840), representing an increase of \$394,718 compared to the same period of the prior year. The increase in total expenses is comprised of increases in marketing and investor relations expenses (\$108,329) as the Company continued to focus on its marketing strategy and content development, general and administration expenses (\$200,792) due to increased overall corporate activities, research and development (\$97,421) in connection with technological advancements, and clearing, execution and broker dealer related costs (\$38,739) as a result of the commencement of minimum monthly clearing payments. These increases in expenses were partially offset by a decrease in commercialization and licensing expenses (\$50,563) caused by a recovery of non-cash share-based payment expenses.

Other items

During the three month period ended December 31, 2019, the Company recognized an impairment loss of \$175,499 with respect to common shares held of K2, as detailed in “Review of Financial Results” and “Statement of Financial Position Information”.

Interest income for the three month period ended December 31, 2019 of \$8,159 relates to interest income earned on excess cash on hand and is a function of average cash and cash equivalent balances during the period. During the three month period ended December 31, 2018, interest income of \$1,498 primarily related to interest accrued on a promissory note receivable.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had cash of \$1,449,109 (2018 - \$239,361) and working capital of \$997,455 (2018 - \$222,843). The increase in working capital of \$774,612 is a result of the Company closing the Transaction and the concurrent financing, net of operations.

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 such financings or obtain them on favorable terms. See “Risk Factors”.

Operating costs are projected at approximately \$1.3 million over the next twelve months, including personnel (\$0.4 million), application development and maintenance (\$0.4 million), broker dealer operations (\$0.3 million), and other corporate and regulatory costs (\$0.2 million). The Company continues to be vigilant in ongoing expense management.

During the year ended December 31, 2019, the Company completed equity financing for total gross proceeds in the amount of \$4,322,400. With the additional financing, the Company will continue to develop and refine its technology platforms, seek opportunities for commercialization, acquire users, evaluate strategic opportunities, comply with existing commitments, and pay for administrative overhead expenditures and working capital purposes.

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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, Voleo USA exceeded the minimum net capital requirement.

The Company’s cash flows for the years ended December 31, 2019 and 2018 are summarized below.

	December 31, 2019	December 31, 2018
Cash used in operating activities	\$ (2,675,639)	\$ (1,069,409)
Cash used in investing activities	(6,770)	-
Cash provided by financing activities	3,893,916	1,065,117
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

Operating Activities

Cash used in operating activities adjusts loss for the year for non-cash items including, but not limited to, the listing expense of the Transaction, share-based payments, accrued interest income, certain gains and losses, and depreciation. Cash used in operating activities also reflects changes in working capital items, such as amounts receivable, prepaid expenses, deposits and amounts payable, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash, the generation of which depends almost entirely on sources of external financing to fund operations.

Investing Activities

During the year ended December 31, 2019, the Company purchased computer equipment totalling \$9,380 which was partially offset by cash acquired in the Transaction of \$2,610 for net cash used in investing activities of \$6,770.

There was no cash provided by or used in investing activities during the year ended December 31, 2018.

Financing Activities

Cash provided by financing activities during the year ended December 31, 2019 amounted to \$3,893,916 and related to common shares issued for gross proceeds of \$4,322,400, share subscriptions received of \$98,527 and consideration received on the settlement of a promissory note of \$10, net of share issue costs paid of \$527,021.

Cash provided by financing activities during the year ended December 31, 2018 amounted to \$1,065,117 and related to common shares issued for gross proceeds of \$1,084,449, net of share issue costs paid of \$19,332.

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STATEMENT OF FINANCIAL POSITION INFORMATION

	As at December 31, 2019	As at December 31, 2018
Cash	\$ 1,449,109	\$ 239,361
Amounts receivable	30,122	9,004
Prepaid expenses	201,572	47,207
Promissory note receivable	-	109,780
Investment	1	-
Deposits	200,595	47,890
Equipment	8,537	1,716
Total Assets	\$ 1,889,936	\$ 454,958
Accounts payable and accrued liabilities	\$ 584,822	\$ 182,509
Obligation to issue common shares	98,527	-
Share capital	12,148,811	5,805,559
Other equity reserves	1,439,422	791,547
Accumulated other comprehensive income	71	4,740
Deficit	(12,381,717)	(6,329,397)
Total Liabilities and Shareholders’ Equity	\$ 1,889,936	\$ 454,958

Assets

Cash increased by \$1,209,748 during the year ended December 31, 2019, as described in detail in “Liquidity and Capital Resources”.

The balance of amounts receivable increased by \$21,118 as at December 31, 2019 compared to as at December 31, 2018 which is explained by increased Goods and Services Tax input tax credits paid on increased corporate activities during the year ended December 31, 2019.

During the year ended December 31, 2019, prepaid expenses increased by \$154,365 due to prepayments for contracts related to marketing and investor relations and annual insurance premiums and regulatory compliance paid. These increases were partially offset by the application of deferred transaction costs to proceeds received with respect to the Transaction and the amortization of other prepaid expenses.

On February 25, 2015, the Company executed a promissory note in the amount of \$100,000 which was receivable from a company controlled by Mr. Thomas Beattie, Chief Compliance Officer (the “CCO”) (the “Promissory Note”) and personally guaranteed by the CCO. 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 in the amount 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 the investment includes 2,000,000 common shares held of K2 Resources Inc. with a carrying value of \$1. The Company acquired 1,300,000 common shares of K2 pursuant to the Transaction and 700,000 common shares of K2 as consideration for the sale of mineral claims during the year ended December 31, 2019. The Company also recognized an impairment loss of \$175,499 with respect to the investment based on an assessment of market conditions and liquidity risk.

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As at December 31, 2019, the balance of deposits includes a minimum deposit account (the “Deposit Account”) of \$194,845 (2018 - \$47,890) pursuant to a fully disclosed clearing agreement (the “Clearing Agreement”) between Apex Clearing Corporation (“Apex”) and Voleo USA. During the year ended December 31, 2019, the Company deposited an additional \$150,098, net of transactions fees deducted of \$233, earned interest income of \$119 and recorded an unrealized foreign exchange loss of \$3,029 in connection with the Deposit Account. Deposits also include \$5,750 (2018 - \$nil) with respect to security for a corporate credit card which was acquired pursuant to the Transaction during the year ended December 31, 2019. For additional details of the Clearing Agreement and the Deposit Account, refer to “Commitments”.

As at December 31, 2019, the Company’s equipment had a net book value of \$8,537 (2018 - \$1,716). The increase of \$6,821 is due to equipment purchases of \$9,380, net of depreciation recorded of \$2,559 during the year ended December 31, 2019.

Liabilities

Accounts payable and accrued liabilities increased by \$402,313 during the year ended December 31, 2019 due to increased corporate activities subsequent to closing the Transaction and the timing of payments to and settlement with third parties.

As at December 31, 2019, the Company 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. Refer to “Commitments” and “Subsequent Events”.

Shareholders’ Equity

During the year ended December 31, 2019, the balance of share capital increased by \$6,343,252 which is explained by the issuance of common shares for gross proceeds of \$4,322,400 and pursuant to the Transaction of \$2,778,946, net of share issue costs of \$758,094. Refer to “Share Capital” and “Reverse Takeover Transaction”.

Other equity reserves increased by \$647,875 during the year ended December 31, 2019 which is attributable to the fair value of equity instruments issued to agents of \$180,717, share-based payment expense recorded of \$424,101, and the impact of the Transaction of \$43,057.

Deficit increased by the loss for the year ended December 31, 2019 in the amount of \$6,052,320.

During the year ended December 31, 2019, accumulated other comprehensive income decreased by \$4,669 as a result of foreign currency translation adjustments with respect to Voleo USA.

SHARE CAPITAL

The Company’s authorized capital consists of an unlimited number of common shares without par value.

The Company has securities outstanding as follows:

Security Description	December 31, 2019	Date of report
Common shares	107,653,867	108,148,907
Warrants	9,565,148	9,565,148
Stock options	4,398,000	4,398,000
Compensation options	1,948,080	1,948,080
Fully diluted shares	123,565,095	124,060,135

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The Company issued the following common shares during the year ended December 31, 2019:

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 in the amount 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.

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 in the amount 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.

USE OF PROCEEDS

On May 28, 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 share and one-half of one warrant. As at December 31, 2019, the Company has used the proceeds as follows:

Activity	Initial Estimated Use of Proceeds	Actual Use of Proceeds
Marketing and customer acquisition	\$ 1,380,000	\$ 874,849
Technical development	600,000	410,557
Regulatory and international partnerships	600,000	323,391
General and administrative expenses	758,500	655,651
Transaction costs	595,000	416,497
Unallocated working capital	125,000	-
	\$ 4,058,500	\$ 2,680,945

The actual use of proceeds summarized above reflects activities subsequent to the closing of the Transaction on a cash basis. The actual use of proceeds to date is not necessarily representative of the allocation of total expected use of proceeds.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying 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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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 ⁽¹⁾	\$	242,925	\$	134,823
Share-based payments		232,271		-
	\$	475,196	\$	134,823

(1) Includes base salaries, pursuant to contractual employment or consultancy arrangements:

- 2019: Momentum Ventures Inc., a company controlled by Mr. Thomas Beattie, CCO of the Company - \$160,000; Share Results Inc., a company controlled by Ms. Nicky Senyard, a former director of the Company - \$40,000; King & Bay West - \$42,925
- 2018: Momentum Ventures Inc.- \$120,000; King & Bay West - \$14,823

Other related party transactions

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, 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 Mr. Mark Morabito, 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. The amounts shown in the table above represent amounts paid to King & Bay West for the services of King & Bay West personnel and for overhead and third-party costs incurred by King & Bay West on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay West charges to arm’s length parties.

Kewpac Investments Inc. (“Kewpac”): Kewpac is an entity that is controlled by Ms. Nicky Senyard, a former director of the Company, and provides corporate advisory services with respect to commercializing and licensing. The fees for such services were made on terms equivalent to those that Kewpac charges to arm’s length parties. Refer to “Commitments”.

SecuritiesLawUSA, PC: SecuritiesLawUSA, PC is a law firm that is controlled by Mr. Brad Wiggins, a director of the Company, and provides regulatory and legal services to the Company. The fees for such services were made on terms equivalent to those that SecuritiesLawUSA, PC charges to arm’s length parties.

Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

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:

- Mr. Thomas Beattie, 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 Mr. Thomas Beattie, 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.

CRITICAL ACCOUNTING ESTIMATES

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 periods 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.

ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 2 to the accompanying consolidated financial statements for the year ended December 31, 2019.

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; 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. 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.

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.

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.

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.

RISK FACTORS

Certain of the more prominent risk factors that may materially affect the Company’s future performance, in addition to those referred to above, are listed hereunder.

Uncertainties associated with the Transaction

The Transaction involves the integration of companies that previously operated independently. An important factor in the success of the Transaction will be the ability of the management of the resulting issuer to integrate all or part of the operations, systems and technologies of the two entities following completion of the Transaction. The Transaction and/or the integration of the two businesses can result in unanticipated operational problems and interruptions, expenses and liabilities, the diversion of management attention and the loss of key employees. There can be no assurance that the Transaction and business integration will be successful or that the combination will not adversely affect the business, financial condition or operating results. There can be no assurance that the Company will not incur additional material costs in subsequent quarters to reflect additional costs associated with the Transaction or that the benefits expected from the Transaction will be realized.

Financing

The Company does not currently have any material operations generating cash to fund projected levels of operating activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its strategic plans. There can be no assurance that such financing will be available to the Company. In the future, the Company will require additional funding to advance its objectives. The lack of additional financing could result in the sale of assets by the Company, or delay or indefinite postponement of further development of the Company’s assets.

The Company has a history of losses and expects to incur losses for the foreseeable future

The Company has incurred losses since its inception and expects to incur losses for the foreseeable future. The Company expects to continue to incur losses unless and until such time as commercialization is achieved and it generates sufficient revenues to fund continuing operations. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any agreements with strategic partners and our acquisition of customers. Some of these factors are beyond the Company’s control. There can be no assurance that the Company will ever achieve profitability.

General economic conditions may adversely affect Voleo's growth, future profitability, ability to finance and operations.

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in metals prices and fuel and energy costs. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on investor confidence and general financial market liquidity, all of which may adversely affect our business and the market price of our securities.

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In addition, the current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors and service providers, and the demand for trading on the Voleo platform. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The spread of the novel coronavirus may have a significant adverse impact on our workforce and our ability to continue operating the Voleo platform. The extent to which the novel coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the novel coronavirus and the actions taken to contain the novel coronavirus or treat its impact, among others.

Moreover, the actual and threatened spread of the novel coronavirus globally could also have a material adverse effect on the regional economies in which we operate, could continue to negatively impact stock markets, including the trading price of our shares, could adversely impact our ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

Limited operating history

The Company is an early stage company, and as a result, it has a limited operating history upon which its business and future prospects may be evaluated. To date, the Company has incurred significant losses and may never achieve or maintain profitability. The Company may not gain customer acceptance of its applications in new markets due to its lack of an established track record, its financial condition, competition or a variety of other factors. The Company’s future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If the Company’s applications are not accepted by new customers or at anticipated levels, the Company’s operating results may be materially and adversely affected.

Personnel

The loss of key personnel could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company’s business and operating results.

At present and for the near future, the Company will depend upon a relatively small number of employees and contractors to develop, market, sell and support its technology. The expansion of technology, marketing and sales of its platform will require the Company to find, hire, and retain additional capable employees or contractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or contractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

Conflicts of interest

Certain directors and officers of the Company are or may become directors or officers of, or have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with the Company. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of the Company and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular transaction, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Unanticipated problems associated with the Company's technology

Because the Company's technology is complex, undetected errors and failures may occur, especially when new versions or updates are made. The Company's technology may contain undetected errors or bugs, which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite the Company's plans for quality control and testing measures, its technology, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, the Company may be required or choose to expend additional resources to help mitigate any problems resulting from errors in its software. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against the Company by its customers and other parties.

Voleo USA is subject to extensive securities regulation and the failure to comply with these regulations could subject it to monetary penalties or sanctions

The securities industry and Voleo USA's business are subject to extensive regulation by the SEC and other governmental regulatory authorities. Voleo USA is also regulated by industry self-regulatory organizations, including FINRA. Voleo USA may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. The regulatory environment is subject to change and Voleo USA may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other federal or state governmental regulatory authorities, or self-regulatory organizations. In response to the US financial crisis of 2008-2009, the regulatory environment to which Voleo USA is subjected is expected to further intensify as additional rules and regulations are adopted by regulators. These new regulations will likely increase costs related to compliance and may in other ways adversely affect the performance of Voleo USA.

Voleo USA is a broker-dealer registered with the SEC and is a FINRA member. Broker-dealers are subject to regulations which cover all aspects of the securities business, including but not limited to: trading practices; use and safekeeping of customers' funds and securities; anti-money laundering and Patriot Act compliance; capital structure; cybersecurity; pricing of services; record keeping; and the conduct of directors, officers and employees.

Compliance with many of the regulations applicable to Voleo USA involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by these regulations are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with Voleo USA. New regulations may result in enhanced standards of duty on broker-dealers in their dealings with their clients (fiduciary standards). Consequently, these regulations often serve to limit Voleo USA's activities, including through net capital, customer protection and market conduct requirements. Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally FINRA, which is Voleo USA's primary regulatory agency. FINRA adopts rules, subject to approval by the SEC, which govern its members and conducts periodic examinations of member firms' operations. However, recently the SEC has significantly increased its direct oversight of registrants in areas that directly overlap with FINRA thereby increasing the costs of compliance and increasing the risks associated with compliance with emerging standards.

Financial services firms have been subject to increased regulatory scrutiny over the last several years, increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions

Firms in the financial services industry have been operating in an onerous regulatory environment, which will become even more stringent in light of recent well-publicized fraud or "Ponzi" schemes. The industry has experienced increased scrutiny from a variety of regulators, including the SEC and FINRA and state attorneys general. Penalties and fines sought by regulatory authorities have increased substantially over the last several years. Voleo USA may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. Each of the regulatory bodies with jurisdiction over Voleo USA has regulatory powers dealing with many different aspects of financial services, including, but not limited to, the authority to fine and to grant, cancel, restrict or otherwise impose conditions on the right to continue operating particular businesses.

Legislation has and may continue to result in changes to rules and regulations applicable to our business, which may negatively impact our business and financial results

The securities industry is subject to extensive and constantly changing regulation. Broker-dealers are subject to regulations covering all aspects of the securities business, including, but not limited to: trade practices; use and safekeeping of clients' funds and securities; capital structure of securities firms; anti-money laundering efforts; recordkeeping; and the conduct of directors, officers and employees. Any violation of these laws or regulations could subject Voleo USA to the following events, any of which could have a material adverse effect on its business, financial condition and prospects: civil and criminal liability; sanctions, which could include the revocation of registration as a broker-dealer; fines; or a temporary suspension or permanent bar from conducting business.

Failure to comply with capital requirements could subject Voleo USA to suspension or revocation by the SEC or suspension or expulsion by FINRA

Voleo USA is subject to the SEC's Uniform Net Capital Rule which requires the maintenance of minimum net capital. Failure to comply with net capital requirements could subject Voleo USA to suspension or revocation by the SEC or suspension or expulsion by FINRA. Refer to "Liquidity and Capital Resources."

The Company's information systems may experience an interruption or breach in security

The Company relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company's customer relationship management, general ledger, and other systems. While the Company has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of the Company's information systems could damage the Company's reputation, result in a loss of customer business, subject the Company to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company's financial condition and results of operations.

The Company’s business relies extensively on data processing and communications systems. In addition to better serving clients, the effective use of technology increases efficiency and enables the Company to reduce costs. Adapting or developing technology systems to meet new regulatory requirements, client needs, and competitive demands is critical. Introduction of new technology presents challenges on a regular basis. There are significant technical and financial costs and risks in the development of new or enhanced applications, including the risk that the Company might be unable to effectively use new technologies or adapt existing applications to emerging industry standards. The Company’s continued success depends, in part, upon our ability to: (i) successfully maintain and upgrade the capability of our technology systems; (ii) address the needs of our clients by using technology to provide products and services that satisfy their demands; and (iii) retain skilled information technology employees. Failure of our technology systems, which could result from events beyond our control, or an inability to effectively upgrade those systems or implement new technology-driven products or services, could result in financial losses, liability to clients, violations of applicable privacy and other applicable laws and regulatory sanctions.

Security breaches of our technology systems, or those of our clients or other third-party vendors we rely on, could subject us to significant liability

The expectations of sound operational and informational security practices have risen among our clients and vendors, the public at large and regulators. Our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, cyber-attacks and breakdowns. Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although cyber security incidents are on the rise, we have not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that we will not suffer such losses in the future.

Despite our implementation of protective measures and endeavoring to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to human error, natural disasters, power loss, spam attacks, unauthorized access, distributed denial of service attacks, computer viruses and other malicious code and other events that could have an impact on the security and stability of our operations. Notwithstanding the precautions we take, if one or more of these events were to occur, this could jeopardize the information we confidentially maintain, including that of our clients and counterparties, which is processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our clients and counterparties. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to potential disciplinary action by regulators.

In providing services to clients, we may manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we may be subject to numerous laws and regulations designed to protect this information. These laws and regulations are increasing in complexity and number. If any person, including any of our associates, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates such data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and related revenue. Potential liability in the event of a security breach of client data could be significant.

The Company may be exposed to damage to its business or its reputation by cybersecurity incidents

As the world becomes more interconnected through the use of the internet and users rely more extensively on the internet for the transmission and storage of data, such information becomes more susceptible to incursion by hackers and other parties intent on stealing or destroying data on which the Company or our clients rely. These cybersecurity incidents have increased in number and severity and it is expected that these trends will continue. Should the Company be affected by such an incident, we would be exposed to legal liability, loss of reputation as well as increased costs related to protection of systems and providing relief to clients. It is impossible for the Company to know when or if such incidents may arise or the business impact of any such incident.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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. As at December 31, 2019, Voleo USA maintained a minimum balance in the amount of US\$150,000 in accordance with the Clearing Agreement.

In addition, the Clearing Agreement, as amended, requires minimum monthly clearance payments, in the amount 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”).

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.

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 in the amount of \$8,112 (2018 – expense of \$59,904) based on the estimate of the shares expected to vest.

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 which were completed by the Company by July 19, 2019.

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

SUBSEQUENT EVENTS

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

- On February 28, 2020, the Company granted 100,000 restricted share units (“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, as detailed in “Commitments”.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.