



**VOLEO TRADING SYSTEMS INC.**

**(FORMERLY “LOGAN RESOURCES LTD.”)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of Voleo Trading Systems Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

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

|  | <b>AS AT<br/>MARCH 31,<br/>2020</b> | <b>AS AT<br/>DECEMBER 31,<br/>2019</b> |
|--|-------------------------------------|--|
| <b>ASSETS</b>  |                                     |  |
| <b>Current assets</b>  |                                     |  |
| Cash   | \$ 940,798                          | \$ 1,449,109                           |
| Amounts receivable (note 4)                                  | 24,349                              | 30,122                                 |
| Prepaid expenses (note 5)                                    | 128,852                             | 201,572                                |
| Investment (note 6)  | 1                                   | 1                                      |
|  | <u>1,094,000</u>                    | <u>1,680,804</u>                       |
| <b>Deposits</b> (note 7)                                     | <b>218,584</b>                      | <b>200,595</b>                         |
| <b>Equipment</b> (note 8)                                    | <b>7,987</b>                        | <b>8,537</b>                           |
|  | <u>\$ 1,320,571</u>                 | <u>\$ 1,889,936</u>                    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                  |                                     |  |
| <b>Current liabilities</b>                                   |                                     |  |
| Accounts payable and accrued liabilities<br>(notes 9 and 10) | \$ 566,281                          | \$ 584,822                             |
| Obligation to issue common shares (note 11)                  | 98,527                              | 98,527                                 |
|  | <u>664,808</u>                      | <u>683,349</u>                         |
| <b>Equity</b>  |                                     |  |
| Share capital (note 11)                                      | 12,152,811                          | 12,148,811                             |
| Other equity reserves  | 1,525,592                           | 1,439,422                              |
| Accumulated other comprehensive income                       | 18,846                              | 71                                     |
| Deficit  | <u>(13,041,486)</u>                 | <u>(12,381,717)</u>                    |
|  | <u>655,763</u>                      | <u>1,206,587</u>                       |
|  | <u>\$ 1,320,571</u>                 | <u>\$ 1,889,936</u>                    |

Nature of operations and going concern (note 1)  
 Commitments (note 15)  
 Subsequent events (note 16)

Approved on May 29, 2020 on behalf of the Board of Directors:

“Mark Lotz” Director  
 Mark Lotz

“Mark Morabito” Director  
 Mark Morabito

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

|   | <b>THREE MONTH<br/>PERIOD ENDED<br/>MARCH 31,<br/>2020</b> | <b>THREE MONTH<br/>PERIOD ENDED<br/>MARCH 31,<br/>2019</b> |
|---|--|--|
| <b>REVENUE</b>  | \$ <b>6,965</b>  | \$ 5,080   |
| <b>EXPENSES</b> (note 12)                                       |  |  |
| General and administration                                      | <b>258,117</b>   | 95,012   |
| Marketing and investor relations                                | <b>170,874</b>   | 65,399   |
| Research and development  | <b>126,097</b>   | 133,422  |
| Commercialization and licensing                                 | <b>45,063</b>  | 21,066   |
| Clearing and execution  | <b>40,781</b>  | 1,414  |
| Broker dealer compliance  | <b>26,365</b>  | 25,891   |
|   | <b>(667,297)</b>   | (342,204)  |
| <b>OTHER ITEMS</b>  |  |  |
| Interest income   | <b>4,991</b>   | 1,477  |
| Foreign exchange loss   | <b>(4,428)</b>   | (73)   |
|   | <b>563</b>   | 1,404  |
| <b>LOSS FOR THE PERIOD</b>                                      | <b>(659,769)</b>   | (335,720)  |
| Foreign currency translation                                    | <b>18,775</b>  | (1,815)  |
| <b>COMPREHENSIVE LOSS FOR THE PERIOD</b>                        | \$ <b>(630,994)</b>  | \$ (337,535)   |
| <b>Basic and diluted loss per common share</b>                  | \$ <b>(0.01)</b>   | \$ (0.01)  |
| <b>Weighted average number of common shares<br/>outstanding</b> | <b>107,689,032</b>   | 46,544,543   |

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

|   | <b>THREE MONTH<br/>PERIOD ENDED<br/>MARCH 31,<br/>2020</b> | <b>THREE MONTH<br/>PERIOD ENDED<br/>MARCH 31,<br/>2019</b> |
|---|--|--|
| <b>OPERATING ACTIVITIES</b>                   |  |  |
| Loss for the period                           | \$ (659,769)   | \$ (335,720)   |
| Items not affecting cash:                     |  |  |
| Share-based payments                          | 90,170   | 13,824   |
| Interest income accrued                       | -  | (1,467)  |
| Interest income received                      | -  | (10)   |
| Depreciation                                  | 1,040  | 433  |
| Net change in non-cash working capital items: |  |  |
| Accounts payable and accrued liabilities      | (18,541)   | 156,353  |
| Amounts receivable                            | 5,773  | (2,272)  |
| Prepaid expenses                              | 72,720   | (8,030)  |
| Cash used in operating activities             | <u>(508,607)</u>   | <u>(176,889)</u>   |
| <b>INVESTING ACTIVITIES</b>                   |  |  |
| Purchase of equipment                         | (490)  | (2,697)  |
| Cash used in investing activities             | <u>(490)</u>   | <u>(2,697)</u>   |
| Net change in cash during the period          | (509,097)  | (179,586)  |
| Effect of foreign exchange on cash            | 786  | (835)  |
| Cash, beginning of the period                 | <u>1,449,109</u>   | <u>239,361</u>   |
| Cash, end of the period                       | \$ <u>940,798</u>  | \$ <u>58,940</u>   |
| <b>Cash received for</b>                      |  |  |
| Interest                                      | \$ 4,930   | \$ -   |
| Taxes   | \$ -   | \$ -   |

**VOLEO TRADING SYSTEMS INC.**  
**(FORMERLY “LOGAN RESOURCES LTD.”)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

|   | NUMBER OF<br>COMMON<br>SHARES | SHARE<br>CAPITAL    | OTHER<br>EQUITY<br>RESERVES | DEFICIT               | ACCUMULATED<br>OTHER<br>COMPREHENSIVE<br>INCOME | TOTAL             |
|---|-------------------------------|---------------------|-----------------------------|-----------------------|---|-------------------|
| <b>Balance, December 31, 2018</b>                     | <b>79,125,724</b>             | <b>\$ 5,805,559</b> | <b>\$ 791,547</b>           | <b>\$ (6,329,397)</b> | <b>\$ 4,740</b>                                 | <b>\$ 272,449</b> |
| Share-based payments (notes 11 and 15)                | -                             | -                   | 13,824                      | -                     | -   | 13,824            |
| Loss for the period                                   | -                             | -                   | -                           | (335,720)             | -   | (335,720)         |
| Translation adjustment                                | -                             | -                   | -                           | -                     | (1,815)   | (1,815)           |
| <b>Balance, March 31, 2019</b>                        | <b>79,125,724</b>             | <b>5,805,559</b>    | <b>805,371</b>              | <b>(6,665,117)</b>    | <b>2,925</b>                                    | <b>(51,262)</b>   |
| Private placement (note 11)                           | 1,055,600                     | 263,900             | -                           | -                     | -   | 263,900           |
| Fractional rounding due to share exchange<br>(note 3) | (23)                          | -                   | -                           | -                     | -   | -                 |
| Reverse takeover transaction (note 3)                 | 11,115,786                    | 2,778,946           | 43,057                      | -                     | -   | 2,822,003         |
| Prospectus offering (note 11)                         | 16,234,000                    | 4,058,500           | -                           | -                     | -   | 4,058,500         |
| Share issue costs (note 11)                           | 122,780                       | (758,094)           | 180,717                     | -                     | -   | (577,377)         |
| Share-based payments (notes 11 and 15)                | -                             | -                   | 410,277                     | -                     | -   | 410,277           |
| Loss for the year                                     | -                             | -                   | -                           | (5,716,600)           | -   | (5,716,600)       |
| Translation adjustment                                | -                             | -                   | -                           | -                     | (2,854)   | (2,854)           |
| <b>Balance, December 31, 2019</b>                     | <b>107,653,867</b>            | <b>12,148,811</b>   | <b>1,439,422</b>            | <b>(12,381,717)</b>   | <b>71</b>                                       | <b>1,206,587</b>  |
| Exercise of restricted share units (note 11)          | 100,000                       | 4,000               | (4,000)                     | -                     | -   | -                 |
| Share-based payments (notes 11 and 15)                | -                             | -                   | 90,170                      | -                     | -   | 90,170            |
| Loss for the year                                     | -                             | -                   | -                           | (659,769)             | -   | (659,769)         |
| Translation adjustment                                | -                             | -                   | -                           | -                     | 18,775  | 18,775            |
| <b>Balance, March 31, 2020</b>                        | <b>107,753,867</b>            | <b>12,152,811</b>   | <b>1,525,592</b>            | <b>(13,041,486)</b>   | <b>18,846</b>                                   | <b>655,763</b>    |

**VOLEO TRADING SYSTEMS INC.**  
**(FORMERLY “LOGAN RESOURCES LTD.”)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(Expressed in Canadian dollars)**

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**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 March 31, 2020, the Company had a working capital of \$429,192 and an accumulated deficit of \$13,041,486. 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. These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2019.

**Basis of consolidation**

These condensed consolidated interim 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.

**VOLEO TRADING SYSTEMS INC.  
(FORMERLY “LOGAN RESOURCES LTD.”)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
MARCH 31, 2020  
(Expressed in Canadian dollars)**

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**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.

**Significant accounting policies**

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements of Voleo, Inc. for the year ended December 31, 2019 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.



**VOLEO TRADING SYSTEMS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
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**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 81,181,301 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 condensed consolidated interim financial statements are those of Voleo, Inc. only.

The Transaction was recorded as follows:

|   |           |                         |
|---|-----------|-------------------------|
| <b>Consideration:</b>                             |           |                         |
| Value of equity instruments                       | \$        | <u>2,822,003</u>        |
| <b>Value of net liabilities:</b>                  |           |                         |
| Cash  | \$        | 2,610                   |
| Amounts receivable                                |           | 2,910                   |
| Prepaid expenses                                  |           | 58,818                  |
| Investment (note 6)                               |           | 175,500                 |
| Deposit (note 7)                                  |           | 5,750                   |
| Accounts payable and accrued liabilities (note 9) |           | <u>(376,522)</u>        |
|   | \$        | <u>(130,934)</u>        |
| <b>Listing expense</b>                            | <b>\$</b> | <b><u>2,952,937</u></b> |

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(Expressed in Canadian dollars)**

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

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 11);
- (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 11); 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 11).

**4. AMOUNTS RECEIVABLE**

|                      | <b>MARCH 31,<br/>2020</b> | <b>DECEMBER 31,<br/>2019</b> |
|----------------------|---------------------------|------------------------------|
| Sales tax receivable | \$ 24,287                 | \$ 29,972                    |
| Other receivables    | 62                        | 150                          |
|                      | <b>\$ 24,349</b>          | <b>\$ 30,122</b>             |

**5. PREPAID EXPENSES**

|                                  | <b>MARCH 31,<br/>2020</b> | <b>DECEMBER 31,<br/>2019</b> |
|----------------------------------|---------------------------|------------------------------|
| Marketing and investor relations | \$ 75,018                 | \$ 125,009                   |
| Insurance                        | 21,456                    | 34,900                       |
| Broker dealer compliance         | 17,597                    | 22,159                       |
| Other                            | 8,107                     | 11,432                       |
| Regulatory                       | 6,674                     | 8,072                        |
|                                  | <b>\$ 128,852</b>         | <b>\$ 201,572</b>            |

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(Expressed in Canadian dollars)**

**6. 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. As at March 31, 2020, the carrying value of the investment continues to be assessed at \$1 based on the current market conditions and liquidity risk.

**7. DEPOSITS**

|                               | <b>MARCH 31,<br/>2020</b> | <b>DECEMBER 31,<br/>2019</b> |
|-------------------------------|---------------------------|------------------------------|
| Clearing deposit              | \$ 212,834                | \$ 194,845                   |
| Corporate credit card deposit | 5,750                     | 5,750                        |
|                               | <b>\$ 218,584</b>         | <b>\$ 200,595</b>            |

**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 15).

During the year ended December 31, 2019, the Company deposited an additional \$150,098, net of transaction 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.

During the three month period ended March 31, 2020, the Company paid transactions fees of \$40, earned interest income of \$42 and recorded an unrealized foreign exchange gain of \$17,987 in connection with the Deposit Account.

**Corporate credit card deposit**

As at March 31, 2020, the Company had \$5,750 (December 31, 2019 - \$5,750) as a deposit for a corporate credit card. The deposit was acquired pursuant to the Transaction (note 3) and is automatically renewed at maturity.

**VOLEO TRADING SYSTEMS INC.**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**(Expressed in Canadian dollars)**

**8. EQUIPMENT**

|                                 | <b>Equipment</b> |        |
|---------------------------------|------------------|--------|
| <b>Cost</b>                     |                  |        |
| Balance, December 31, 2018      | \$               | 12,322 |
| Additions                       |                  | -      |
| Balance, December 31, 2019      |                  | 12,322 |
| Additions                       |                  | 490    |
| Balance, March 31, 2020         | \$               | 12,812 |
| <b>Accumulated Depreciation</b> |                  |        |
| Balance, December 31, 2018      | \$               | 1,226  |
| Depreciation                    |                  | 2,559  |
| Balance, December 31, 2019      |                  | 3,785  |
| Depreciation                    |                  | 1,040  |
| Balance, March 31, 2020         | \$               | 4,825  |
| <b>Net book value</b>           |                  |        |
| As at December 31, 2019         | \$               | 8,537  |
| As at March 31, 2020            | \$               | 7,987  |

For the three month period ended March 31, 2020, depreciation expenses of \$1,027 (2019 - \$433) and \$13 (2019 - \$nil) were included in research and development and general and administrative expenses, respectively, in the condensed consolidated interim statements of loss and comprehensive loss.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | <b>MARCH 31,</b> |         | <b>DECEMBER 31,</b> |         |
|---------------------|------------------|---------|---------------------|---------|
|                     | <b>2020</b>      |         | <b>2019</b>         |         |
| Trade payables      | \$               | 387,597 | \$                  | 407,228 |
| Accrued liabilities |                  | 178,684 |                     | 177,594 |
|                     | \$               | 566,281 | \$                  | 584,822 |

As at March 31, 2020, accounts payable and accrued liabilities include \$nil (December 31, 2019 - \$50,356) with respect to share issue costs (note 11).

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**10. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties and related party transactions impacting the condensed consolidated interim 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.

Remuneration attributed to key management personnel for the three month periods ended March 31, 2020 and 2019 can be summarized as follows:

|  | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|--|---------------------------|---------------------------|
| Short-term benefits                    | \$ 89,370                 | \$ 32,288                 |
| Share-based payments (notes 11 and 15) | 50,030                    | 13,824                    |
|  | <b>\$ 139,400</b>         | <b>\$ 49,112</b>          |

**Other related party transactions**

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, for the three month periods ended March 31, 2020 and 2019 include the following:

|                                  | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|----------------------------------|---------------------------|---------------------------|
| King & Bay West Management Corp. | \$ 60,579                 | \$ 44,953                 |

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**(Expressed in Canadian dollars)**

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

**Other related party transactions** *(continued)*

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 15).

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.

**Related party balances**

Accounts payable and accrued liabilities

As at March 31, 2020, accounts payable and accrued liabilities include the following amounts due to related parties:

- CCO of the Company - \$6,177 (December 31, 2019 - \$4,334) with respect to expenses incurred on behalf of the Company.
- CFO of the Company - \$233 (December 31, 2019 - \$nil) with respect to expenses incurred on behalf of the Company.
- Momentum Ventures Inc., a company controlled by the CCO of the Company - \$10,500 (December 31, 2019 - \$15,750) with respect to consulting services.
- King & Bay West - \$179,154 (December 31, 2019 - \$159,852) with respect to the services described above.

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

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**11. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Common share issuances**

During the three month period ended March 31, 2020, the Company issued 100,000 common shares upon the exercise of 100,000 restricted share units (“RSUs”), which had a fair value of \$4,000.

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.

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.

**Obligation to issue common shares**

As at March 31, 2020, the Company had received share subscriptions of US\$75,000 (\$98,527) (2019 - US\$75,000 (\$98,527)) 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 15). Subsequent to the three month period ended March 31, 2020, the Company issued 395,040 common shares to satisfy the obligation (note 16).

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**11. SHARE CAPITAL** *(continued)*

**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.

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.

During the three month period ended March 31, 2020, there were no activities with respect to stock options.

The following table summarizes stock option activity for the three month period ended March 31, 2020 and the year ended December 31, 2019:

|  | Number of stock<br>options | Weighted<br>average exercise<br>price |
|--|----------------------------|---------------------------------------|
| <b>Outstanding, December 31, 2018</b>                        | <b>2,681,920</b>           | <b>\$0.25</b>                         |
| 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                                |
| <b>Outstanding, December 31, 2019 and<br/>March 31, 2020</b> | <b>4,398,000</b>           | <b>\$0.25</b>                         |

As at March 31, 2020, the following stock options were outstanding and exercisable:

| Outstanding      | Exercisable      | Exercise<br>Price | Remaining<br>life (years) | Expiry date      |
|------------------|------------------|-------------------|---------------------------|------------------|
| 50,000           | 50,000           | \$0.60            | 0.05                      | April 19, 2020   |
| 204,000          | 204,000          | \$0.18            | 0.30                      | July 20, 2020    |
| 85,000           | 85,000           | \$0.18            | 0.81                      | January 20, 2021 |
| 410,000          | 410,000          | \$0.60            | 1.35                      | August 4, 2021   |
| 3,649,000        | 912,250          | \$0.25            | 4.16                      | May 28, 2024     |
| <b>4,398,000</b> | <b>1,661,250</b> |                   |                           |                  |



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**11. SHARE CAPITAL** *(continued)*

**Stock options** *(continued)*

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.

During the three month period ended March 31, 2020, the Company recognized share-based payment expense with respect to stock options of \$90,170 (2019 - \$13,824) which was included in general and administration, research and development, marketing and investor relations, and commercialization and licensing expenses in the amounts of \$70,242, \$10,044, \$2,077, and \$7,807 respectively.

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 three month periods ended March 31, 2020 and 2019:

|                         | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|-------------------------|---------------------------|---------------------------|
| Risk-free interest rate | 1.44%                     | 1.51%                     |
| Expected life (years)   | 5                         | 5                         |
| Annualized volatility   | 100%                      | 100%                      |
| Dividend yield          | -%                        | -%                        |

**Warrants**

During the three month period ended March 31, 2020, there were no activities with respect to warrants.

The following table summarizes warrant activity for the three month period March 31, 2020 and the year ended December 31, 2019:

|  | <b>Number of<br/>warrants</b> | <b>Weighted<br/>average exercise<br/>price</b> |
|--|-------------------------------|--|
| <b>Outstanding, December 31, 2018</b>                        | <b>847,570</b>                | <b>\$0.12</b>                                  |
| Issued   | 8,717,578                     | \$0.40   |
| Reverse takeover transaction (note 3)                        | 4,400,000                     | \$1.50   |
| Expired  | (4,400,000)                   | \$1.50   |
| <b>Outstanding, December 31, 2019 and<br/>March 31, 2020</b> | <b>9,565,148</b>              | <b>\$0.37</b>                                  |

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**11. SHARE CAPITAL** *(continued)*

**Warrants** *(continued)*

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 three month periods ended March 31, 2020 and 2019:

|                         | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|-------------------------|---------------------------|---------------------------|
| Risk-free interest rate | 1.56%                     | 0.87%                     |
| Expected life (years)   | 2                         | 9                         |
| Annualized volatility   | 100%                      | 100%                      |
| Dividend yield          | -%                        | -%                        |

As at March 31, 2020, the following warrants were outstanding:

| <b>Outstanding</b> | <b>Exercise Price</b> | <b>Remaining life (years)</b> | <b>Expiry date</b> |
|--------------------|-----------------------|-------------------------------|--------------------|
| 8,717,578          | \$0.40                | 1.08                          | April 30, 2021     |
| 847,570            | \$0.12                | 4.90                          | February 20, 2025  |
| <b>9,565,148</b>   |                       |                               |                    |

**Compensation options**

During the three month period ended March 31, 2020, there were no activities with respect to compensation options.

The following table summarizes compensation option activity for the three month period ended March 31, 2020 and the year ended December 31, 2019:

|  | <b>Number of<br/>compensation<br/>options</b> | <b>Weighted<br/>average exercise<br/>price</b> |
|--|---|--|
| <b>Outstanding, December 31, 2018</b>                        | -   | -  |
| Issued   | 1,298,720                                     | \$0.25   |
| <b>Outstanding, December 31, 2019 and<br/>March 31, 2020</b> | <b>1,298,720</b>                              | <b>\$0.25</b>                                  |

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**11. SHARE CAPITAL** *(continued)*

**Compensation options** *(continued)*

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 three month periods ended March 31, 2020 and 2019:

|                         | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|-------------------------|---------------------------|---------------------------|
| Risk-free interest rate | 1.56%                     | -                         |
| Expected life (years)   | 2                         | -                         |
| Annualized volatility   | 100%                      | -                         |
| Dividend yield          | -%                        | -                         |

As at March 31, 2020, the following compensation options were outstanding:

| <b>Outstanding</b>       | <b>Exercise Price</b> | <b>Remaining life (years)</b> | <b>Expiry date</b> |
|--------------------------|-----------------------|-------------------------------|--------------------|
| 1,298,720 <sup>(1)</sup> | \$0.25                | 1.08                          | April 30, 2021     |

<sup>(1)</sup> 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.

**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).

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**11. SHARE CAPITAL** *(continued)*

**Restricted share units** *(continued)*

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.

During the three month period ended March 31, 2020, 100,000 RSUs have been exercised for 100,000 common shares at \$0.04 per share.

The Company recorded share-based payment recovery of \$9,259 which was included in sales and marketing. The share-based payment recovery related to RSUs was determined based on the Company's closing share price on March 31, 2020 using the graded vesting method.

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**12. EXPENSES BY NATURE**

|  | <b>MARCH 31,</b>  |    | <b>MARCH 31,</b> |
|--|-------------------|----|------------------|
|  | <b>2020</b>       |    | <b>2019</b>      |
| Consulting                             | \$ 216,054        | \$ | 174,083          |
| Marketing and public relations         | 97,166            |    | 29,854           |
| Share-based payments (notes 11 and 15) | 90,170            |    | 13,824           |
| Salaries and benefits                  | 84,041            |    | 39,356           |
| Professional fees                      | 67,840            |    | 25,831           |
| Clearing and execution                 | 40,781            |    | 1,414            |
| Regulatory and compliance              | 24,295            |    | 6,204            |
| Office and miscellaneous               | 17,891            |    | 5,927            |
| Computer and software                  | 17,387            |    | 16,902           |
| Rent                                   | 8,595             |    | 8,110            |
| Travel                                 | 2,037             |    | 20,266           |
| Depreciation (note 8)                  | 1,040             |    | 433              |
|  | <b>\$ 667,297</b> | \$ | <b>342,204</b>   |

**13. 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 three month period ended March 31, 2020.

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 1/15<sup>th</sup> of aggregate indebtedness. As at March 31, 2020 and December 31, 2019, Voleo USA exceeded the minimum net capital requirement.

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**14. 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.

**Market risk**

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

Interest rate risk

As at March 31, 2020, 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 March 31, 2020, approximately 1% 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 \$1,200 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 closely monitors its investment to determine the appropriate course of action to be taken by the Company. There can be no assurance that the Company can exit its position, if required, resulting in proceeds approximating the carrying value.

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.

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**15. 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 7). As at March 31, 2020, 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 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 10).

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.

As of March 31, 2020, 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 three month period ended March 31, 2020, the Company recognized share-based payments expense of \$7,807 (2019 – expense of \$13,824) based on the estimate of the shares expected to vest. The share-based payments expense was based on a share price of \$0.21 (2019 - \$0.35) and included in commercialization and licensing expense in the condensed consolidated interim 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 March 31, 2020 and 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 11). Subsequent to the three month period ended March 31, 2020, the Company issued 395,040 common shares to FIS to satisfy the obligation (note 16).

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**16. SUBSEQUENT EVENTS**

The following reportable events occurred subsequent to the three month period ended March 31, 2020:

- 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 March 31, 2020.

- On April 15, 2020, the Company issued 395,040 common shares to FIS for consideration received during the year ended December 31, 2019 (notes 11 and 15).
- On April 19, 2020, 50,000 stock options with an exercise price of \$0.60 expired.
- On April 20, 2020, the Company entered into Debt Settlement Agreements with several vendors to convert accounts payable balances outstanding for common shares. The total value of accounts payable balances converted was \$223,195 for 892,780 common shares at \$0.25 per common share. These common shares were issued on May 12, 2020.
- On May 7, 2020, the Company announced that it is proceeding with additional cost saving initiatives to conserve cash during the continued global uncertainty resulting from COVID-19. The principal cost saving initiative will be achieved by winding down its US client operations. The Company will retain its US FINRA registered broker dealer but will remove the costs associated with maintaining client accounts at this time. The unwind of the US client business is expected to be completed by June 30, 2020.
- On May 12, 2020, the Company consolidated its common shares on the basis of one (1) post consolidation share for every ten (10) pre-consolidation shares (the “Consolidation”). The Consolidation resulted in the number of issued and outstanding common shares of the Company being reduced from 108,148,907 to 10,814,850 common shares on a non-diluted basis, and each shareholder will hold the same percentage of common shares outstanding immediately after the Consolidation as such shareholder held immediately prior to the Consolidation.



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**16. SUBSEQUENT EVENTS** *(continued)*

The exercise price and number of common shares of the Company issuable upon the exercise of outstanding stock options, warrants or other convertible securities have been proportionately adjusted to reflect the Consolidation in accordance with the terms of such securities. No fractional shares will be issued as a result of the Consolidation. Any fractional shares resulted from the Consolidation have been rounded down to the next whole share, and no cash consideration have been paid in respect of fractional shares.

**Voleo Trading Systems Inc.**  
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**Management's Discussion & Analysis**  
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**Date Prepared: May 29, 2020**

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## **GENERAL**

The following management's discussion and analysis ("MD&A") is intended to supplement and complement the condensed consolidated interim financial statements and accompanying notes of Voleo Trading Systems Inc. (formerly "Logan Resources Ltd.") (the "Company" or "Voleo") for the three month period ended March 31, 2020.

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 Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

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 condensed consolidated interim 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 condensed consolidated interim 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](http://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.

**Voleo Trading Systems Inc.**  
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## **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 registered as a broker-dealer and registered with the US Securities and Exchange Commission (the “SEC”).

## **RECENT DEVELOPMENTS**

In May 2020, the Company announced that it is proceeding with additional cost saving initiatives to conserve cash during the continued global uncertainty resulting from COVID-19. The principal cost saving initiative will be achieved by winding down its US client operations. Voleo will retain its US FINRA registered broker dealer but will remove the costs associated with maintaining client accounts at this time. This step will conserve cash, while also providing optionality for Voleo to deploy its technology on an international basis across various verticals including gaming, e-sports, sports betting, cryptocurrency and stock trading.

Voleo’s platform has provided a robust client experience, and the results from over 1,500 early adopters have provided proof of concept. There is a low cost of customer acquisition. An average club has 10 members per club and 46% of Voleo users are women. Further, over 60% of clients add contributions each month, with a new record set in April of 76%. However, despite this accelerated growth, the costs of maintaining the client accounts outweigh the benefits of maintaining them at this time. This proof of concept has demonstrated there is significant value in the platform that can be unlocked once additional funding is obtained.

The unwind of the US client business is expected to be completed by June 30, 2020. Voleo is taking these actions now to ensure the responsible and orderly wind up of US client operations and a smooth customer transition experience for Voleo USA’s clients. Voleo has stopped onboarding new users and waived subscription charges for existing clients.

These actions allow Voleo to retain its considerable intellectual property, as well as the US brokerage licence, awaiting a better economic climate for funding. Together, Voleo’s innovative team with the help of its customers have built the world’s best investment club software. The Voleo Trading Systems software suite includes the award winning Voleo investment club app as well as the SimuTrader app that has been used in three consecutive student trading competitions in collaboration with Nasdaq. Voleo’s streamlined onboarding experience has several applications in the financial industry and the patent pending club-based decision-making and voting modules can be utilized for many international applications in stock trading, e-sports, gaming, sports betting, cryptocurrency and other fields.

In conjunction with the previously announced restructuring, Voleo believes the cost saving plan is in the best interests of shareholders and will preserve capital, strengthen the balance sheet and enable Voleo to explore the business opportunities that lie ahead when market conditions improve.

## **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.

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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. Voleo completed a restructuring of its share capital and outstanding liabilities. Voleo has also significantly reduced operating expenses in areas not connected with customer service. Further, as discussed above, Voleo is proceeding with a wind-down of its US client operations. Voleo is currently evaluating whether its technology can be utilized for applications in stock tracking, e-sports, gaming, sports betting, cryptocurrency and other fields. Any such applications would require additional financing or strategic partnerships. If Voleo is unable to obtain additional financing or find a strategic partner, 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 condensed consolidated interim financial statements and this MD&A are those of Voleo, Inc. only.

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**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 three month period ended March 31, 2020, the Company recorded revenue of \$6,965 (2019 - \$5,080), the increase in which was a result of increased trades from an increased customer base.

Expenses

During the three month period ended March 31, 2020, the Company incurred expenses of \$667,297 (2019 - \$342,204), representing an increase of \$325,093 compared to the prior year.

During the three month period ended March 31, 2020, the Company incurred personnel costs, including consulting and salaries and benefits, of \$300,095 (2019 - \$213,439). The increase in personnel costs during the three month period ended March 31, 2020 of \$86,656 is due to the Company augmenting its technical team and other organizational changes.

Marketing and public relations expenses for the three month period ended totalled \$97,166 (2019 - \$29,854) and increased by \$67,312 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 three month period ended March 31, 2020, the Company recorded share-based payments of \$90,170 (2019 - \$13,824), 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 three month period ended of \$67,840 (2019 - \$25,831) which relate to accounting, audit, tax and legal fees with respect to the Company’s strategic objectives. The increase in professional fees for the three month period ended March 31, 2020 of \$42,009 is explained by increased legal services provided due to growth and increased corporate activities.

In connection with Voleo USA’s broker-dealer operations, during the three month period ended March 31, 2020, the Company incurred clearing and execution expenses of \$40,781 (2019 - \$1,414), representing an increase of \$39,367. 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”.

Regulatory and compliance include costs associated with maintaining a public company in addition to Voleo USA’s broker-dealer operations. During the three month period ended March 31, 2020, the Company incurred regulatory and compliance costs of \$24,295 (2019 - \$6,204). The increase in regulatory and compliance costs of \$18,091 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 \$17,891 (2019 - \$5,927) during the three month period ended March 31, 2020. The increase of \$11,964 is directly attributable to additional insurance coverage obtained and increased overall corporate activities.

Computer and software expenses increased by \$485 during the three month period ended March 31, 2020 compared to the previous period due to an increase in overall corporate activities and software maintenance required.

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During the three month period ended March 31, 2020, the Company incurred travel costs of \$2,037 (2019 - \$20,266) which is primarily related to the advancement of commercialization and licensing efforts, including attending the MoneyShow in Orlando. In the prior period, significant travel expenses were incurred, including attending the Fidelity Information Services Fintech Accelerator Program and various fintech conferences.

Other items

Interest income for the three month period ended March 31, 2020 of \$4,991 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 March 31, 2019, interest income of \$1,477 primarily related to interest accrued on a promissory note receivable.

**SUMMARY OF QUARTERLY RESULTS**

| <b>Description</b>                    | <b>Q1<br/>March 31,<br/>2020<br/>(\$)</b> | <b>Q4<br/>December 31,<br/>2019<br/>(\$)</b> | <b>Q3<br/>September 30,<br/>2019<br/>(\$)</b> | <b>Q2<br/>June 30,<br/>2019<br/>(\$)</b> |
|---------------------------------------|---|--|---|--|
| Revenue                               | 6,965                                     | 6,089  | 4,583   | 5,211                                    |
| Loss for the period                   | (659,769)                                 | (927,299)                                    | (1,174,845)                                   | (3,614,456)                              |
| Loss per share<br>(basic and diluted) | (0.01)                                    | (0.01)                                       | (0.01)  | (0.04)                                   |
| <b>Description</b>                    | <b>Q1<br/>March 31,<br/>2019<br/>(\$)</b> | <b>Q4<br/>December 31,<br/>2018<br/>(\$)</b> | <b>Q3<br/>September 30,<br/>2018<br/>(\$)</b> | <b>Q2<br/>June 30,<br/>2018<br/>(\$)</b> |
| Revenue                               | 5,080                                     | 3,474  | 3,475   | 2,081                                    |
| Loss for the period                   | (335,720)                                 | (365,298)                                    | (432,144)                                     | (310,141)                                |
| Loss per share<br>(basic and diluted) | (0.01)                                    | (0.00)                                       | (0.01)  | (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. For future quarters, with the wind up of US client operations, the Company’s primary revenue source will no longer exist. Future revenue generation will depend on the Company’s ability to commercialize its technology in new applications such as stock trading, e-sports, gaming, sports betting, cryptocurrency and other fields. Refer to “Reverse Takeover Transaction” and “Results of Operations” for additional discussion.

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**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2020, the Company had cash of \$940,798 (2019 - \$58,940) and working capital of \$429,192 (2019 - \$(102,162)). The increase in working capital of \$531,354 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”.

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 March 31, 2020, Voleo USA exceeded the minimum net capital requirement.

The Company’s cash flows for the three month periods ended March 31, 2020 and 2019 are summarized below.

|                                    | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
|------------------------------------|-----------------------|-----------------------|
| Cash used in operating activities  | \$ (508,607)          | \$ (176,889)          |
| Cash used in investing activities  | (490)                 | (2,697)               |
| Change in cash during the period   | (509,097)             | (179,586)             |
| Effect of foreign exchange on cash | 786                   | (835)                 |
| Cash, beginning of the period      | 1,449,109             | 239,361               |
| <b>Cash, end of the period</b>     | <b>\$ 940,798</b>     | <b>\$ 58,940</b>      |

Operating Activities

Cash used in operating activities adjusts loss for the year for non-cash items including, but not limited to, share-based payments, accrued interest income, and depreciation. Cash used in operating activities also reflects changes in working capital items, such as amounts receivable, prepaid expenses, and accounts payable and accrued liabilities, 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 three month period ended March 31, 2020, the Company purchased computer equipment totalling \$490.

During the three month period ended March 31, 2019, the Company purchased computer equipment totalling \$2,697.

Financing Activities

There was no cash provided by or used in financing activities during the three month periods ended March 31, 2020 and 2019.

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**STATEMENT OF FINANCIAL POSITION INFORMATION**

|   | <b>As at<br/>March 31, 2020</b> | <b>As at<br/>December 31, 2019</b> |
|---|---------------------------------|------------------------------------|
| Cash  | \$ 940,798                      | \$ 1,449,109                       |
| Amounts receivable                                | 24,349                          | 30,122                             |
| Prepaid expenses                                  | 128,852                         | 201,572                            |
| Investment  | 1                               | 1                                  |
| Deposits  | 218,584                         | 200,595                            |
| Equipment   | 7,987                           | 8,537                              |
| <b>Total Assets</b>                               | <b>\$ 1,320,571</b>             | <b>\$ 1,889,936</b>                |
| Accounts payable and accrued liabilities          | \$ 566,281                      | \$ 584,822                         |
| Obligation to issue common shares                 | 98,527                          | 98,527                             |
| Share capital                                     | 12,152,811                      | 12,148,811                         |
| Other equity reserves                             | 1,525,592                       | 1,439,422                          |
| Accumulated other comprehensive income            | 18,846                          | 71                                 |
| Deficit   | (13,041,486)                    | (12,381,717)                       |
| <b>Total Liabilities and Shareholders’ Equity</b> | <b>\$ 1,320,571</b>             | <b>\$ 1,889,936</b>                |

**Assets**

Cash decreased by \$508,311 during the three month period ended March 31, 2020, as described in detail in “Liquidity and Capital Resources”.

The balance of amounts receivable decreased by \$5,773 as at March 31, 2020 compared to as at December 31, 2019 which is explained by the timing of Goods and Services Tax collected during the year ended December 31, 2019.

During the three month period ended March 31, 2020, prepaid expenses decreased by \$72,720 due to prepayments for contracts related to marketing and investor relations not being incurred in the current period.

As at March 31, 2020, 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 during the year ended December 31, 2019. As at March 31, 2020, the carrying value of the investment continues to be assessed at \$1 based on the current market conditions and liquidity risk.

As at March 31, 2020, the balance of deposits includes a minimum deposit account (the “Deposit Account”) of \$212,834 (2019 - \$194,845) pursuant to a fully disclosed clearing agreement (the “Clearing Agreement”) between Apex Clearing Corporation (“Apex”) and Voleo USA. During the three month period ended March 31, 2020, the Company paid transactions fees of \$40, earned interest income of \$42 and recorded an unrealized foreign exchange gain of \$17,987 in connection with the Deposit Account. Deposits also include \$5,750 (2019 - \$5,750) 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 March 31, 2020, the Company’s equipment had a net book value of \$7,987 (2019 - \$8,537). The decrease of \$550 is due to equipment purchases of \$490, net of depreciation recorded of \$1,040 during the three month period ended March 31, 2020.



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**Liabilities**

Accounts payable and accrued liabilities decreased by \$18,541 during the three month ended March 31, 2020 due to the timing of payments to and settlement with third parties.

As at March 31, 2020, the balance of the obligation to issue common shares was \$98,527 (2019 - \$98,527), which represents share subscriptions for which common shares had not yet been issued. The amount received relates to an agreement with Fidelity Information Services, LLC (“FIS”) for the right to purchase common shares of the Company. Subsequent to the three month period ended March 31, 2020, the Company issued 395,040 common shares to FIS to satisfy the obligation. Refer to “Commitments” and “Subsequent Events”.

**Shareholders’ Equity**

During the three month ended March 31, 2020, the balance of share capital increased by \$4,000 which is explained by the issuance of 100,000 common shares upon the exercise of 100,000 restricted share units (“RSUs”).

Other equity reserves increased by \$86,170 during the three month period ended March 31, 2020 which is attributable to share-based payment expense recorded of \$90,170, offset by \$4,000 due to the exercise of 100,000 RSUs during the period.

Deficit increased by the loss for the three month period ended March 31, 2020 in the amount of \$659,769.

During the three month period ended March 31, 2020, accumulated other comprehensive income increased by \$18,775 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:

| <b>Security Description</b> | <b>March 31, 2020</b> | <b>Date of report</b> |
|-----------------------------|-----------------------|-----------------------|
| Common shares               | 107,753,867           | 11,707,630            |
| Warrants                    | 9,565,148             | 956,513               |
| Stock options               | 4,398,000             | 434,800               |
| Compensation options        | 1,948,080             | 194,806               |
| <b>Fully diluted shares</b> | <b>123,665,095</b>    | <b>13,293,749</b>     |

During the three month period ended March 31, 2020, the Company issued 100,000 common shares upon the exercise of 100,000 restricted share units (“RSUs”), which had a fair value of \$4,000.

Subsequent to the three month period ended March 31, 2020, the Company:

- Issued 395,040 common shares to FIS for consideration received during the year ended December 31, 2019.
- Had 50,000 stock options with an exercise price of \$0.60 expire.
- Entered into Debt Settlement Agreements with several vendors to convert accounts payable balances outstanding for common shares. The total value of accounts payable balances converted was \$223,195 for 892,780 common shares at \$0.25 per common share.

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- Consolidated its common shares on the basis of one (1) post consolidation share for every ten (10) pre-consolidation shares (the “Consolidation”). Other equity instruments have been proportionately adjusted to reflect the Consolidation.

Refer to “Subsequent Events” for further details.

**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 March 31, 2020, the Company has used the proceeds as follows:

| <b>Activity</b>                           | <b>Initial Estimated Use of Proceeds</b> | <b>Actual Use of Proceeds</b> |
|---|--|-------------------------------|
| Marketing and customer acquisition        | \$ 1,380,000                             | \$ 1,024,817                  |
| Technical development                     | 600,000                                  | 515,607                       |
| Regulatory and international partnerships | 600,000                                  | 340,066                       |
| General and administrative expenses       | 758,500                                  | 892,508                       |
| Transaction costs                         | 595,000                                  | 416,497                       |
| Unallocated working capital               | 125,000                                  | -                             |
|   | <b>\$ 4,058,500</b>                      | <b>\$ 3,189,494</b>           |

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 condensed consolidated interim 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 three month periods ended March 31, 2020 and 2019 can be summarized as follows:

|                                    | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|------------------------------------|---------------------------|---------------------------|
| Short-term benefits <sup>(1)</sup> | \$ 89,370                 | \$ 35,288                 |
| Share-based payments               | 50,030                    | 13,824                    |
|                                    | <b>\$ 139,400</b>         | <b>\$ 49,112</b>          |

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

- 2020: Momentum Ventures Inc., a company controlled by Mr. Thomas Beattie, CCO of the Company - \$35,000; Glen Wilson, Interim CEO of the Company - \$44,305; King & Bay West - \$10,065
- 2019: Momentum Ventures Inc. - \$30,000; King & Bay West - \$5,288

**Other related party transactions**

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, for the three month periods ended March 31, 2020 and 2019 include the following:

|                                  | <b>MARCH 31,<br/>2020</b> | <b>MARCH 31,<br/>2019</b> |
|----------------------------------|---------------------------|---------------------------|
| King & Bay West Management Corp. | \$ 60,579                 | \$ 44,953                 |

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.

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.

**Related party balances**

Accounts payable and accrued liabilities

As at March 31, 2020, accounts payable and accrued liabilities include the following amounts due to related parties:

- CCO of the Company - \$6,177 (December 31, 2019 - \$4,334) with respect to expenses incurred on behalf of the Company.
- CFO of the Company - \$233 (December 31, 2019 - \$nil) with respect to expenses incurred on behalf of the Company.
- Momentum Ventures Inc., a company controlled by the CCO of the Company - \$10,500 (December 31, 2019 - \$15,750) with respect to consulting services.

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- King & Bay West - \$179,154 (December 31, 2019 - \$159,852) 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 condensed consolidated interim financial statements for the three month period ended March 31, 2020.

### **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.

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**Liquidity risk**

The Company’s approach to managing liquidity risk is to have sufficient funds to meet liabilities when they become due.

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 March 31, 2020, 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 March 31, 2020, approximately 1% 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 \$1,200 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 closely monitors its investment to determine the appropriate course of action to be taken by the Company. There can be no assurance that the Company can exit its position, if required, resulting in proceeds approximating the carrying value.

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 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.

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**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.



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**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.

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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 March 31, 2020, 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.

As of March 31, 2020, 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 three month period ended March 31, 2020, the Company recognized share-based payments expense of \$7,807 (2019 – expense of \$13,824) 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 March 31, 2020 and 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 three month period ended March 31, 2020, the Company issued 395,040 common shares to FIS to satisfy the obligation. Refer to “Subsequent Events”.

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## **SUBSEQUENT EVENTS**

The following reportable events occurred subsequent to the three month period ended March 31, 2020:

- 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 March 31, 2020.

- On April 15, 2020, the Company issued 395,040 common shares to FIS for consideration received during the year ended December 31, 2019 (notes 11 and 15).
- On April 19, 2020, 50,000 stock options with an exercise price of \$0.60 expired.
- On April 20, 2020, the Company entered into Debt Settlement Agreements with several vendors to convert accounts payable balances outstanding for common shares. The total value of accounts payable balances converted was \$223,195 for 892,780 common shares at \$0.25 per common share. These common shares were issued on May 12, 2020.
- On May 7, 2020, the Company announced that it is proceeding with additional cost saving initiatives to conserve cash during the continued global uncertainty resulting from COVID-19. The principal cost saving initiative will be achieved by winding down its US client operations. The Company will retain its US FINRA registered broker dealer but will remove the costs associated with maintaining client accounts at this time. The unwind of the US client business is expected to be completed by June 30, 2020.
- On May 12, 2020, the Company consolidated its common shares on the basis of one (1) post consolidation share for every ten (10) pre-consolidation shares (the “Consolidation”). The Consolidation resulted in the number of issued and outstanding common shares of the Company being reduced from 108,148,907 to 10,814,850 common shares on a non-diluted basis, after taking into account the rounding down of fractional shares. Each shareholder will hold the same percentage of common shares outstanding immediately after the Consolidation as such shareholder held immediately prior to the Consolidation.

The exercise price and number of common shares of the Company issuable upon the exercise of outstanding stock options, warrants or other convertible securities have been proportionately adjusted to reflect the Consolidation in accordance with the terms of such securities. No fractional shares will be issued as a result of the Consolidation. Any fractional shares resulted from the Consolidation have been rounded down to the next whole share, and no cash consideration have been paid in respect of fractional shares.

## **APPROVAL**

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