VOLEO TRADING SYSTEMS INC.

(FORMERLY “LOGAN RESOURCES LTD.”)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
April 17, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

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

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

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

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

"Jay Sujir" Director
Jay Sujir

"Mark Morabito" Director
Mark Morabito

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

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

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

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

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

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

Supplemental disclosures with respect to cash flows (note 14)

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

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

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

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

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

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of consolidation

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

2. BASIS OF PRESENTATION *(continued)*

Critical accounting estimates and judgments

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

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

(a) The recoverability of receivables, prepayments and deposits that are included in the consolidated statements of financial position.

(b) The fair value of stock options, warrants and compensation options, which requires the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.

(c) The fair value of restricted share units which requires the estimation of the number of awards likely to vest on grant and at each reporting date up to the vesting date.

(d) The fair value of the investment for which a quoted market price in an active market is not available.

(e) The recoverability of deferred tax assets based on the assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions.

(f) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Financial instruments

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

2. BASIS OF PRESENTATION *(continued)*

Financial instruments *(continued)*

Financial assets

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

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

Financial liabilities

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

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

Impairment of financial assets at amortized cost

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

Foreign currency translation

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

2. BASIS OF PRESENTATION *(continued)*

Foreign currency translation *(continued)*

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

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

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

Share-based payments

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

Basic and diluted loss per share

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

Research and development

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

2. BASIS OF PRESENTATION *(continued)*

Revenue recognition

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

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

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

Equipment

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

Depreciation is provided for at the following rates:

Asset	**Rate**
Computer equipment	3 years, straight-line method

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

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

Income taxes

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

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

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

2. BASIS OF PRESENTATION *(continued)*

Income taxes *(continued)*

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are presented separately except where there is a right to offset within a fiscal jurisdiction.

Leases

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

3. REVERSE TAKEOVER TRANSACTION ("RTO")

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

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

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

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

(Expressed in Canadian dollars)

3. REVERSE TAKEOVER TRANSACTION ("RTO") *(continued)*

The Transaction was recorded as follows:

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

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

(a) 11,115,786 outstanding common shares of the Company valued at $2,778,946 or $0.25 per common share which was the price per common share for the concurrent prospectus offering completed (note 12);

(b) 4,400,000 outstanding warrants of the Company valued at $4 which was determined using the Black-Scholes Option Pricing Model and the following assumptions: risk-free interest rate of 0.86%, expected life of 0.18 years, annualized volatility of 100%, and dividend yield of 0% (note 12); and

(c) 480,000 outstanding stock options of the Company valued at $43,053 which was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: risk-free interest rate of 1.57%, expected life of 2.23 years, annualized volatility of 100%, and dividend yield of 0% (note 12).

4. AMOUNTS RECEIVABLE

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

(Expressed in Canadian dollars)

5. PREPAID EXPENSES

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

6. PROMISSORY NOTE RECEIVABLE

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

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

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

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

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

(Expressed in Canadian dollars)

7. INVESTMENT

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

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

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

8. DEPOSITS

		DECEMBER 31, 2019		DECEMBER 31, 2018
Clearing deposit	**$**	**194,845**	$	47,890
Corporate credit card deposit		**5,750**		-
	$	**200,595**	$	47,890

Clearing deposit

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

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

Corporate credit card deposit

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

(Expressed in Canadian dollars)

9. EQUIPMENT

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

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

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

11. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management personnel

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

(Expressed in Canadian dollars)

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

Key management personnel *(continued)*

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

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

Other related party transactions

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

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

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

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

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

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

Related party balances

Accounts payable and accrued liabilities

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

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

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

Equity

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

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

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

12. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common share issuances

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

12. SHARE CAPITAL *(continued)*

Common share issuances *(continued)*

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

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

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

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

Obligation to issue common shares

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

Stock options

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

(Expressed in Canadian dollars)

12. SHARE CAPITAL *(continued)*

Stock options *(continued)*

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

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

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

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

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

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

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

(Expressed in Canadian dollars)

12. SHARE CAPITAL *(continued)*

Stock options *(continued)*

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

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

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

Warrants

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

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

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

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

(Expressed in Canadian dollars)

12. SHARE CAPITAL *(continued)*

Warrants *(continued)*

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

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

Compensation options

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

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

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

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

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

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

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

12. SHARE CAPITAL *(continued)*

Restricted share units

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

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

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

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

(Expressed in Canadian dollars)

13. EXPENSES BY NATURE

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

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

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

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

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

(Expressed in Canadian dollars)

15. INCOME TAXES

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

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

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

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

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

16. CAPITAL MANAGEMENT

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

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

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

16. CAPITAL MANAGEMENT *(continued)*

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

17. FINANCIAL INSTRUMENTS

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

Credit risk

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

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

Liquidity risk

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

Market risk

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

<u>Interest rate risk</u>

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

<u>Foreign currency risk</u>

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

17. FINANCIAL INSTRUMENTS *(continued)*

Market risk *(continued)*

Other price risk

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

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

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

18. COMMITMENTS

Apex Clearing Agreement

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

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

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

Kewpac Consulting Agreement

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

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

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

18. COMMITMENTS *(continued)*

Kewpac Consulting Agreement *(continued)*

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

FIS Agreement

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

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

19. SUBSEQUENT EVENTS

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

- On February 28, 2020, the Company granted 100,000 RSUs to a consultant of the Company.

- On March 23, 2020, the Company issued 100,000 common shares upon the vesting of 100,000 RSUs.

- In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted.

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

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

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

GENERAL

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

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

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

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

FORWARD LOOKING STATEMENTS

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

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

DESCRIPTION OF BUSINESS

The Company is a mobile-focused fintech company and has developed mobile applications and software platforms to meet the investment expectations of investors, especially Gen XYZ (those aged 18 to 55), including social trading applications for stocks. The Company’s applications facilitate investment clubs and individual accounts where all users have access to a community of investors. The Company’s wholly owned subsidiary, Voleo USA, Inc. (“Voleo USA”), is a Financial Industry Regulatory Authority (“FINRA”) member operating as a broker-dealer and registered with the US Securities and Exchange Commission (the “SEC”).

RECENT DEVELOPMENTS

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

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

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

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

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

OUTLOOK

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

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

REVERSE TAKEOVER TRANSACTION

On May 28, 2019, the Company completed the Transaction, and as a result the shareholders of Voleo, Inc. exchanged all of their issued and outstanding common shares for 80,181,301 common shares of the Company as consideration. 1.7 common shares of the Company were issued in exchange for every one common share held of Voleo, Inc. Outstanding warrants and stock options of the Company and Voleo, Inc. automatically became exercisable for or could be exchanged for options to acquire common shares of the Company, subject to all necessary adjustments to reflect the terms of the Transaction and subject to the terms governing the warrants and stock options.

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

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

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

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

SELECTED ANNUAL INFORMATION

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

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

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

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

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

REVIEW OF FINANCIAL RESULTS

Results of Operations

Revenue

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

Expenses

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

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

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

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

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

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

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

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

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

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

<u>Other items</u>

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

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

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

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

SUMMARY OF QUARTERLY RESULTS

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

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

FOURTH QUARTER

Revenue

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

Expenses

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

Other items

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

At present, the Company has no material operating income or cash flows. The Company intends to finance its future requirements through equity issuances or the sale of assets. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. See "Risk Factors".

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

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

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

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

	December 31, 2019	December 31, 2018
Cash used in operating activities	$ (2,675,639)	$ (1,069,409)
Cash used in investing activities	(6,770)	-
Cash provided by financing activities	3,893,916	1,065,117
Change in cash during the year	1,211,507	(4,292)
Effect of foreign exchange on cash	(1,759)	(1,272)
Cash, beginning of the year	239,361	244,925
Cash, end of the year	**$ 1,449,109**	**$ 239,361**

<u>Operating Activities</u>

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

<u>Investing Activities</u>

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

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

<u>Financing Activities</u>

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

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

STATEMENT OF FINANCIAL POSITION INFORMATION

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

Assets

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

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

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

On February 25, 2015, the Company executed a promissory note in the amount of $100,000 which was receivable from a company controlled by Mr. Thomas Beattie, Chief Compliance Officer (the “CCO”) (the “Promissory Note”) and personally guaranteed by the CCO. During the year ended December 31, 2019, the Company and the CCO entered into a debt settlement and release agreement pursuant to which the Promissory Note was extinguished for cash consideration in the amount of $10. As a result, the Company recorded a loss on forgiveness of $113,731 which included the principal balance of the Promissory Note of $100,000 and accrued interest of $13,741, net of cash consideration received from the CCO of $10.

As at December 31, 2019, the balance of the investment includes 2,000,000 common shares held of K2 Resources Inc. with a carrying value of $1. The Company acquired 1,300,000 common shares of K2 pursuant to the Transaction and 700,000 common shares of K2 as consideration for the sale of mineral claims during the year ended December 31, 2019. The Company also recognized an impairment loss of $175,499 with respect to the investment based on an assessment of market conditions and liquidity risk.

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

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

Liabilities

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

As at December 31, 2019, the Company received share subscriptions of US$75,000 ($98,527) (2018 - $nil) for which common shares had not yet been issued. The amount received relates to an agreement with Fidelity Information Services, LLC for the right to purchase common shares of the Company. Refer to “Commitments” and “Subsequent Events”.

Shareholders’ Equity

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

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

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

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

SHARE CAPITAL

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

The Company has securities outstanding as follows:

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

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

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

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

USE OF PROCEEDS

On May 28, 2019, the Company closed a prospectus offering in connection with the Transaction and issued 16,234,000 units for gross proceeds of $4,058,500. Each unit consists of one share and one-half of one warrant. As at December 31, 2019, the Company has used the proceeds as follows:

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

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

RELATED PARTY TRANSACTIONS

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

Key management personnel

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

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

		December 31, 2019		December 31, 2018
Short-term benefits[(1)]	$	242,925	$	134,823
Share-based payments		232,271		-
	$	475,196	$	134,823

(1) Includes base salaries, pursuant to contractual employment or consultancy arrangements:
- 2019: Momentum Ventures Inc., a company controlled by Mr. Thomas Beattie, CCO of the Company - $160,000; Share Results Inc., a company controlled by Ms. Nicky Senyard, a former director of the Company - $40,000; King & Bay West - $42,925
- 2018: Momentum Ventures Inc.- $120,000; King & Bay West - $14,823

Other related party transactions

Transactions entered into with related parties, other than key management personnel and not otherwise disclosed, include the following:

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

King & Bay West Management Corp. ("King & Bay West"): King & Bay West is an entity that is controlled by Mr. Mark Morabito, Executive Chairman of the Company, and employs or retains officers and certain consultants of the Company. King & Bay West provides administrative, regulatory, legal, finance and corporate development services to the Company. The amounts shown in the table above represent amounts paid to King & Bay West for the services of King & Bay West personnel and for overhead and third-party costs incurred by King & Bay West on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay West charges to arm's length parties.

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

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

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

Related party balances

Accounts payable and accrued liabilities

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

(a) The recoverability of receivables, prepayments and deposits that are included in the consolidated statements of financial position.

(b) The fair value of stock options, warrants and compensation options which requires the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments.

(c) The fair value of restricted share units which requires the estimation of the number of awards likely to vest on grant and at each reporting date up to the vesting date.

(d) The fair value of the investment for which a quoted market price in an active market is not available.

(e) The recoverability of deferred tax assets based on the assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions.

(f) The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

ACCOUNTING POLICIES

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

FINANCIAL INSTRUMENTS

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

Credit risk

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

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

Liquidity risk

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

At present, the Company has no material operating income or cash flows. The Company intends to finance its future requirements through equity issuances. There is no assurance that the Company will be able to obtain additional financing or obtain it on favorable terms. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

Market risk

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

Interest rate risk

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

Foreign currency risk

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

Other price risk

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

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

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

RISK FACTORS

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

Uncertainties associated with the Transaction

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

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

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

Limited operating history

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

Personnel

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

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

Conflicts of interest

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

Unanticipated problems associated with the Company's technology

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

COMMITMENTS

Apex Clearing Agreement

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

Pursuant to the Clearing Agreement, as amended, Voleo USA is required to maintain a minimum balance in the Deposit Account. As at December 31, 2019, Voleo USA maintained a minimum balance in the amount of US$150,000 in accordance with the Clearing Agreement.

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

Kewpac Consulting Agreement

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

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

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

As of December 31, 2019, there remains 1,020,000 common shares of the Company issuable to Kewpac upon the achievement of certain milestones defined in the Kewpac Consulting Agreement. During the year ended December 31, 2019, the Company recognized a recovery of share-based payments expense in the amount of $8,112 (2018 – expense of $59,904) based on the estimate of the shares expected to vest.

FIS Agreement

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

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

SUBSEQUENT EVENTS

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

- On February 28, 2020, the Company granted 100,000 restricted share units ("RSUs") to a consultant of the Company.

- On March 23, 2020, the Company issued 100,000 common shares upon the vesting of 100,000 RSUs.

- In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted.

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

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

- On April 15, 2020, the Company issued 395,040 common shares to FIS for consideration received during the year ended December 31, 2019, as detailed in "Commitments".

APPROVAL

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