KATIPULT TECHNOLOGY CORP.
(formerly Deha Capital Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2017 and 2016

The following Management's Discussion and Analysis ("MD&A") for Katipult Technology Corp. (formerly Deha Capital Corp.) ("the Company" or "Katipult") is prepared as of November 14, 2017 and relates to the financial condition and results of operations for the three and nine months ended September 30, 2017 and 2016. This MD&A has been prepared with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. This should be read in conjunction with the Company's condensed consolidated interim financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise indicated.

This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

OVERVIEW OF THE COMPANY

Katipult Technology Corp. (formerly Deha Capital Corp.) (the "Company" or "Katipult") is a technology company that is a global leader in enterprise software and software related services. The Company is incorporated under the British Columbia Business Corporations Act, and has its registered office at Suite 600 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

Katipult's JOI Media ("JOI") operating subsidiary started as a custom web development company that was incorporated on June 30, 2008 in the Province of Alberta.

The main business of the Company is to operate as a financial technology company offering a cloud-based software infrastructure that allows firms to design, set up and operate an investment platform ("the Platform"). The Platform includes features and functionality that enables firms to offer securities on a prospectus-exempt basis to various types of investors. The Platform automates many components of investor and investment management including components of financial transactions, investment marketing, and dividend payouts as well as managing regulatory requirements in a variety of geographic jurisdictions.

Katipult works with its customers to customize the Platform during setup and integration in order to design a white-labeled, customer-facing website that has the functionality of the Platform. The Platform includes modules for various user types, including investors, issuers, administrators and auditors, among others. Administrators selected by customers from their staff are provided with a content management system which allows them the ability to manipulate content on the Platform.

In exchange for a monthly management fee, customers benefit from software updates, new features and technical support. The main distinction between revenue streams is the one-time setup fee that varies depending on the size and complexity of the customer, and the monthly recurring revenue that is paid to ensure support, updates and new feature roll outs. A small percentage of revenue (<5%) is earned for additional customization of the website and features.

CORPORATE UPDATE

In 2017 YTD, Katipult's management remained focused on its technology investments for efficiencies in order to provide scalability to the product deployment process. Three significant developments initiated in 2017 YTD include the form builder, the configuration builder, and BlockChain implementation. The form builder functions to allow the Company's support team to create new and unique onboarding forms within hours, a process that previously took days or weeks. Customization of forms in 2016 was a resource heavy process that was necessary for the majority of Katipult's clients. The configuration builder functions by allowing the Katipult support team to setup a platform for a new client in hours rather than weeks, additionally it provides increased stability. This tool is also being used internally and tested carefully by Katipult's dedicated quality assurance team before being formally released. Katipult has engaged a leading BlockChain development firm to initiate the architecture of its BlockChain implementation. BlockChain is a technology that is expected to significantly benefit and further enable many processes within the Katipult product including making transactions, secondary trading, and performing critical business logic - forging agreements, clearing, settling, and record keeping tasks.

Growing the team to enable rapid growth and scale is a key focus of 2017. The first nine months of 2017 focused on establishing team based roles and functionality and has allowed for a start of developing specialization and focused responsibility. An example is dividing the development teams into two main areas: customer focused and core product focused to allow development to continue uninterrupted on certain features. The onboarding and customization work needed for new clients will be reduced but will still require a dedicated team.

Following Katipult's client acquisitions of private money lenders in 2016, the Company was able to secure additional lending focused clients in the US, Canada, UK, and Singapore in 2017 YTD.

Organic website inquiries remained the Company's primary method for new client acquisitions, however the Company plans to execute a carefully designed sales and marketing strategy to capitalize on industry demand for its product. An investment in sales resources and a significant push into marketing, both inbound and outbound, as well as PR is planned for Q4 2017 and for2018.

The other main focus of management has been concluding the Reverse Takeover described below and planning for a public listing of the Company's stock on the Toronto Venture Exchange.

The Company incurred listing expenses which are material and which did not arise previous years; these costs are a necessity to pursue the element of the growth strategy involving a public listing on the Toronto Venture Exchange. All regulatory consents for the listing have now been achieved and the listing is expected to occur very shortly so management can place its focus back into core operations and investing in in future growth as described in the Company's prospectus.

REVERSE TAKEOVER ("RTO")

On May 25, 2017, the Company entered into a Share Exchange Agreement with JOI pursuant to which the Company acquired all of the outstanding common shares of JOI in exchange for the issuance of the Company shares to JOI shareholders on the basis of 6360.636064 Company shares ("Exchange Ratio"). The transaction was completed on August 17, 2017 ("Closing") and JOI became a wholly-owned subsidiary of the Company. Following completion of the transaction, the Company continued the primary business of JOI.

At the time of the RTO, the Company did not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, the transaction has been accounted for as a reverse acquisition under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of the Company, with the net identifiable assets of the Company deemed to have been acquired by JOI. The purchase consideration below was estimated based on the fair value of the Company's common shares that JOI would have had paid to the Company pursuant to the reverse acquisition. Upon completion of the transaction, the fair value of all identifiable assets and liabilities acquired was determined. The carrying value of JOI's and the Company's assets and liabilities at Closing are assumed to approximate their fair values as at that date. The fair value of the shares issued is allocated to the carrying value of the net assets acquired. The difference between the purchase consideration and the fair value of net assets acquired is recorded as a cost of public listing.

As JOI was deemed to be the accounting acquirer for accounting purposes, its assets liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company`s results of operations have been included from the date of the RTO. The legal capital of the entity continues to be that of the Company, the legal parent.

The following represents management's estimate of the fair value of the net assets acquired and total consideration transferred at August 17, 2017 as a result of the RTO:

Fair value of acquisition (19,200,000 shares at $0.05 per share)	$	960,000
Allocated as follows:		
Identified fair value of net assets:		
Cash	$	469,480
Prepaid deposits		50,000
Accounts payable		(43,300)
		476,180
Listing expense		483,820
	$	960,000

The Company completed a Special Warrant Financing by issuing 477,000 special warrants (the "Special Warrants") for gross proceeds of $47,700. The special warrants will be deemed exercised on any public listing. The special warrants are exercisable to acquire the Company's common shares at $0.10 per share without payment of any additional consideration. As of September 30, 2017, the Company received $41,300 from investors. This was recorded as an obligation to issue shares on the Company's statement of financial position.

On April 14, 2017, the Company completed a private placement of units (the "Units") at a price of $0.05 per Unit raising gross proceeds of $520,000.Each Unit is comprised of one Common Share (a "Share") and one-half of one common share purchase warrant of the Company (a "Warrant"). Each Warrant requires the holder thereof to purchase one additional Share at a price of $0.10 on or before the date that is six months following the Listing date.

OVERALL PERFORMANCE

During 2017 YTD management has focused primarily on investment in growth initiatives. These initiatives include improving quality assurance processes of software releases and new feature adoption, support teams to manage client platform setups and new platform launches, and software development resources to assist with further additions of the core platform as well as onboarding of new customers. Management expects that by strategically expanding its team capabilities the Company will be able to grow more quickly, and be able to capitalize on the increased media exposure and expected new customer inquiries that are expected to lead to sales during and following the listing planned for Q4 2017.

During the nine months ended September 30, 2017, the Company recorded revenue of $778,217, a 37% growth over the prior fiscal period in 2016. This growth was gained organically using a combination of inbound marketing leading to direct sales as well as targeted sales to strategic partners. Management has been focused on growing monthly recurring revenue to provide a consistent recurring revenue stream that can support further growth.

In the nine months ended September 30, 2017, Subscription Revenue grew to $392,897, being 50% of total revenue (2016 – 40% of revenue). As new customers are on-boarded, the Company expects that this trend will continue. Each new client signs on to a one to three year contract, providing the Company with consistent monthly revenue. The rate of attrition has been below 3% per year and less than 6% over the past three years combined; of the clients that have left, approximately half have either lost investment capital or gone out of business.

SELECTED INTERIM FINANCIAL INFORMATION

The following table sets forth selected financial information for the periods indicated. The selected financial information set out below for the nine months ended September 30, 2017 and 2016 has been derived from the Company's unaudited condensed consolidated interim financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance.

Nine Months Ended September 30, 2017 Compared to Year Ended December 31, 2016

Balance Sheet	September 30, 2017	December 31, 2016
Assets		
Cash	$ 396,141	$ 188,360
Trade and other receivables	141,900	61,868
Taxes receivable	48,714	48,714
Marketable security	120,000	120,000
Total current assets	706,755	418,942
Non-current assets	3,580	3,580
Total Assets	710,335	422,522
Liabilities and Equity		
Accounts payable and accrued liabilities	157,427	57,196
Due to shareholders	27,879	27,741
Total current liabilities	185,306	84,937
Non-current liabilities	7,552	7,552
Total Liabilities	192,858	92,489
Shareholders' Equity	517,477	330,033
Total Liabilities and Equity	$ 710,335	$ 422,522

In 2016, management decided to hold some available cash on a 1 year term GIC (Marketable Security). This cash was accumulated in an effort to operate conservatively and is now available to be used towards strategic growth. Total available cash as of September 30, 2017 was $516,141 (December 31, 2016 – $308,360).

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Summarized Financial Results Nine months ended September 30,	2017	2016
	$	$
Revenue	778,217	568,988
Other income	-	3,000
Foreign exchange loss	(8,846)	(2,372)
Expenses	(1,183,077)	(498,692)
Government grant	16,788	-
Total expenses net of government grant	(1,166,289)	(498,692)
Listing expense	(483,820)	-
Income (loss) before tax	(880,738)	70,924

Substantially all of the Company's revenues for the first nine months of 2017 are derived from subscription fees and setup fees. Revenue for the nine months ended September 30, 2017 increased by 37% over the same period in 2016. This growth was driven by customer growth.

The Company has incurred loss during the first nine months of 2017 as compared to the same period in the previous fiscal year. This was mainly due to higher operating expenses incurred towards its efforts on increasing the team and the costs of the RTO and planned public listing.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Summarized Financial Results Three months ended September 30,	2017	2016
	$	$
Revenue	225,826	189,892
Other income	-	3,000
Foreign exchange loss	(5,661)	(174)
Expenses	(536,873)	(186,248)
Government grant	7,287	-
Total expenses net of government grant	(529,586)	(186,248)
Listing expense	(483,820)	-
Income (loss) before tax	(793,241)	6,470

Substantially all of the Company's revenues for the third quarter of 2017 are derived from subscription fees and setup fees. Revenue for Q3 2017 increased by 19% compared to Q3 2016. This growth was driven by customer growth.

The Company has incurred loss during the third quarter of 2017 over the same period in 2016. This was mainly due to higher operating expenses incurred towards listing the Company as well as investment in the Company's platform and personnel.

Expenses

Expenses for the three and nine months ended September 30, 2017 and 2016 include:

Expenses	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Advertising	$ 8,934	$ 1,592	$ 15,622	$ 11,623
Bank charges and interest	6,465	8,677	16,443	15,981
Other operating expenses	88,717	31,421	171,476	111,388
Professional fees	37,017	2,415	74,983	2,415
Allowance for doubtful accounts	-	-	57,008	-
Government grant	(7,287)	-	(16,788)	-
Share-based compensation	91,182	-	91,182	-
Travel	18,056	2,290	33,586	8,259
Transfer agent and filing fees	35,937	-	36,102	-
Wages and benefits	250,565	139,853	686,675	349,026
Total Expenses	$ 529,586	$ 186,248	$ 1,166,289	$ 498,692

The Company's expenses are composed of advertising, bank charges and interest, other operating expenses, professional fees, allowance for doubtful accounts, government grant, share-based compensation, travel, transfer agent and filing fees and wages and benefits.

Total expenses for the three and nine months ended September 30, 2017 have increased by $343,338 (184%) and $667,597 (134%) respectively. The increase was mainly attributable to higher wages and benefits, professional fees, share-based compensation, travel and other operating expenses for the three and nine months ended September 30, 2017 resulting from the Company's focus during the fiscal 2017 on establishing team based roles and developing specialization and focused responsibility. Moreover, allowance for doubtful accounts of $57,008 (2016 – $Nil) has been recognized during the current period which was associated to the higher sales on account during the current three and nine month periods.

Management has increased spending in strategic categories with the goal of increased growth in sales and team capacity.

Travel has increased by $15,766 (688%) in Q3 2017 and by $25,327 (307%) for first nine months of 2017, as compared to the same periods in the fiscal year 2016. This is directly related to the travel required to meet potential clients around the world and attend industry conferences.

Wages and benefits have increased by $110,712 (79%) in Q3 2017 and by $337,649 (97%) for the first nine months of 2017. The increase in wages and benefits relates to the new team members hired in 2016 as well as the new hires added from the end of Q1 2016 through to the beginning of Q3 2017.

Other operating expenses have increased by $57,296 (182%) in Q3 2017 and by $60,088 (54%) for the first nine months of 2017.

Additional Funds Available

IRAP: Government funds for research and development will be sourced. IRAP was applied for in mid-2017. Once the Company's first IRAP claim has been accepted and the funds received, they plan to work on the next much larger claim in early 2018.

SR&ED: Katipult has been receiving SR&ED for its research and development expenditures in recent years. Management plans to continue applying for SR&ED and expects the total amount granted to rise as R&D expenditures increase. Many of the novel and innovative technical developments being pursued by the Company qualify for SR&ED government grants.

QUARTERLY FINANCIAL INFORMATION

One quarter's revenue and operating results may not necessarily be indicative of a subsequent quarter's revenue and operating results. For this reason, performance may not be comparable to a consecutive quarter and is best considered on the basis of the results for the whole year or by comparison of results in a quarter with results in the corresponding quarter for the previous year.

The following table summarizes selected unaudited consolidated financial data for each of the last eight quarters, prepared in accordance with IFRS:

	Q3 2017	Q2 2017	Q1 2017	Q4 2016
	$	$	$	$
Revenues	225,826	340,907	211,484	228,535
Expenses	(536,873)	(401,837)	(244,367)	(202,246)
Government grant / SR&ED Refund	7,287	5,533	3,968	64,143
Total Expenses net of Government Grant and SR&ED Refund	(529,586)	(396,304)	(240,399)	(138,103)
Foreign exchange gain (loss)	(5,661)	(2,336)	(849)	467
Listing expense	(483,820)	-	-	-
Net Income (Loss) before tax	(793,241)	(57,733)	(29,764)	90,899

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	$	$	$	$
Revenues	189,892	211,049	168,047	149,515
Other Income	3,000	-	-	-
Recovery (expenses)	(186,248)	(163,813)	(148,631)	26,371
Government grant / SR&ED Refund	-	-	-	56,918
Total Recovery (expenses) net of SR&ED Refund	(186,248)	(163,813)	(148,631)	83,289
Foreign exchange gain (loss)	(174)	(1,662)	(536)	396
Net Income before tax	6,470	45,574	18,880	233,200

Revenue for Q3 2017 increased by 19% compared to Q3 2016. This growth was driven by customer growth. Revenue for Q4 2016 increased by 53% compared to Q4 2015. This growth was driven by customer growth.

Revenue is trending upwards quarter to quarter from $149,515 in Q4 2015 to over $259,000 on average in the final three quarters represented above. This reflects an average monthly revenue that has grown from $50,000 in the fourth quarter of 2015 to $76,000 by end of 2016 and $114,000 in the second quarter of 2017. This is a result of both new client onboarding as well as growing MRR (Monthly Recurring Revenue).

The fourth quarter of 2015 and 2016 each have adjustments affecting some of the sequential trends. The main entries affecting these fourth quarters involve management expenses submitted late in the year, increasing expenses. Q4 2015 shows a higher profit than the previous quarter resulting from the Q4 adjustments to reclassify portion of management fees to dividends payment.

On average expenses were 66% of revenue for the first four quarters (Q4 2015 - Q3 2016) while the following four quarters (Q4 2016 - Q3 2017) show expenses on average at 138% of revenue. This looks at expenses before SR&ED credits are received. Management has been executing on their plan to hire 20 new employees during the year 2017, doubling the team size, which includes some strategic management hires. The larger growth in expenses primarily reflects this growth in human resources and should be considered an investment as the Company sets the foundation needed to prepare for rapid growth.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Liquidity as measured by the Current Ratio, calculated by dividing current assets by current liabilities, is healthy at 3.8:1. Katipult has been growing its assets consistently over the past three years and has taken no debt as operations have been organically funded; growth in Monthly Recurring Revenue (MRR) enables consistent monthly cash flows which helps the team to manage accounts payables and retain appealing vendor terms. Solvency as measured by Debt to Equity and Debt Service Ratio shows a healthy trend. Katipult has a debt to equity ratio of 0.4:1, calculated by dividing total liabilities by total equity.

Capital Resources

The Company's operational activities during Q3 2017 were financed mainly by revenue and retained earnings. At September 30, 2017, it had working capital of $521,449, compared to $334,005 at December 31, 2016. The Company had available cash reserves comprised of cash and cash equivalents of $516,141 at September 30, 2017 compared to $308,360 at December 31, 2016.

Management believes that the Company's cash position and expected future cash inflows from sales of its core platform as a service as well as the expected cash proceeds from the mandatory exercise of warrants following Listing, will be sufficient to finance operational and capital needs for at least 12 months. However, future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with sales, marketing and strategic opportunities. As a result, in the future it may be necessary to raise additional funds. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing. However, there can be no assurance that the Company will successfully raise funds to continue its growth in sales and further development of its core product and operational activities.

Sources and Uses of Cash

Cash provided by (used in):	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Operating Activities	$ (328,699)	$ 127,756
Investing Activities	519,480	(123,580)
Financing Activities	17,000	-
Increase in cash	207,781	4,176
Cash - Beginning of period	188,360	217,773
Cash - End of period	$ 396,141	$ 221,949

Net Cash Used In Operating Activities

Cash flow from operating activities resulted in a use of cash of $328,699 in the nine months ended September 30, 2017 compared to a source of cash of $127,756 in the same period in 2016. Total comprehensive loss for the nine months ended September 30, 2017 is $880,738 compared to $70,924 comprehensive income in the same period in 2016.

Net Cash Provided by Financing Activities

Financing activities for the nine months ended September 30, 2017 resulted in a source of cash of $17,000 compared to $Nil in the same period in 2016. The cash from financing activities was comprised of the share subscriptions received from the Special Warrant Financing, net of cash share issuance costs.

Net Cash Used In Investing Activities

Investing activities resulted in a source of cash of $519,480 in the nine months ended September 30, 2017 compared to a use of cash of $123,580 in the same period in 2016. The cash from investing activities during the nine months ended September 30, 2017 was comprised of cash and deposits acquired in connection to the RTO.

MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of growth in order to provide returns to its shareholders. Katipult defines capital that it manages as the aggregate of its shareholders' equity, which is comprised of issued capital, contributed surplus and deficit. The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, issue debt, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements as at September 30, 2017.

CONTRACTUAL OBLIGATIONS

As of September 30, 2017, and as of the date of this MD&A, and in the normal course of business, the Company has no material obligations to make future payments, representing contracts and other commitments that are known and committed.

OUTSTANDING SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares.

As of the date of this MD&A, the Company has 61,800,000 common shares outstanding, 2,935,000 options, 477,000 special warrants outstanding and 5,200,000 share purchase warrants outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

RELATED PARTY TRANSACTIONS

All of the Company's related party transactions are in the normal course of business and are initially measured at fair value. The following is a summary of the Company's related party balances or transactions:

Related party balances

Amounts due to shareholders of $27,879 (December 31, 2016 - $27,741) are due on demand, bear no interest and have no fixed repayment terms.

As at September 30, 2017, $20,355 (December 31, 2016 - $3,000) included in accounts payable and accrued liabilities was payable to an officer and a company controlled by an officer of the Company. Amounts payable to related parties are due on demand, bear no interest and have no fixed repayment terms.

Key management compensation

Key management includes the Company’s directors and members of the executive management team. Compensation awarded to key management included:

	Three months ended September 30, 2017	Three months ended September 30, 2016	**Nine months ended September 30, 2017**	Nine months ended September 30, 2016
Salaries and short-term employee benefits	**$ 82,565**	$ 57,640	**$ 251,149**	$ 123,640
Share – based compensation	**85,745**	-	**85,745**	-
Total	**$ 168,310**	$ 57,640	**$ 336,894**	$ 123,640

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the December 31, 2016 audited annual financial statements and the notes.

The unaudited condensed consolidated interim financial statements are based on the IFRS effective as of January 1, 2017, and follow the same accounting policies and methods of computation as the most recent annual financial statements, except for the impact of the changes in accounting policy disclosed below:

Accounting Standards Issued but Not yet Effective

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impacts of the standards or determined whether it will adopt the standards early.

<u>IFRS 9, Financial Instruments</u>
In July 2014, the IASB completed the final elements of IFRS 9. The standard supersedes earlier version of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9, as amended, includes a principle based approach for classification and measurement of financial assets, as single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of the standard on its financial statements.

<u>IFRS 15, Revenue from Contract with Customers</u>
The IASB issued the standard to replace IAS 18 which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for the annual periods beginning on January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company is currently evaluating the impact of the standard on its financial statements.

<u>IFRS 16, Leases</u>
IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its financial statements.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss which are measured at fair value with changes in fair value recorded in the statement of comprehensive income (loss).
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company has classified cash and trade and other receivables as loans and receivables.

Held to maturity: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held- to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate, less impairment. The Company has classified its marketable security as held-to-maturity.

Other financial liabilities: Other financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Company has classified accounts payable and accrued liabilities, due to shareholders and loan payable as other financial liabilities.

SR&ED tax credits: The Company claims federal investment tax credits as a result of incurring scientific research and experimental development (“SR&ED”) expenditures. Federal investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Federal investment tax credits are accounted for as a reduction of research and development expense for items of a period expense nature. Management has made a number of estimates and assumptions in determining the expenditures eligible for the federal investment tax credit claim. It is possible that the allowed amount of the federal investment tax credit claim could be materially different from the recorded amount upon assessment by Canada Revenue Agency.

The Company claims provincial (Alberta) investment tax credits as a result of incurring SR&ED expenditures. Provincial investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the provincial investment tax credit claim. The provincial investment tax credits are refundable and have been recorded as Alberta SR&ED tax credit receivable, and as a reduction in research and development expenses on the statement of comprehensive loss. It is possible that the allowed amount of the provincial investment tax credit claim could be materially different from the recorded amount upon assessment.

Property and equipment: Property and equipment are recorded at cost less accumulated depreciation and impairment or write-down, if applicable. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. All repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. Depreciation over the estimated useful life of assets is provided on the following bases and annual rates:

Computer hardware five years straight-line: The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant components and depreciates separately each such component, where applicable. The estimated useful lives of property and equipment are reviewed at the end of each reporting period and adjusted if required.

Gains or losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the statement of comprehensive income (loss).

Impairment of Financial Assets

Financial assets: Financial assets carried at amortized cost are assessed for impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset. For financial assets measured at amortized cost, the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. If impairment has occurred, the carrying amount of the asset is reduced, with the amount of the loss recognized in the statement of comprehensive income (loss). Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Non-financial assets: The carrying amounts of the Company’s property and equipment are assessed for impairment indicators on at least an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s or group of assets’ estimated fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (a cash generating unit or “CGU”).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income (loss). The Company has one CGU and has determined that no indicators of impairment exist at December 31, 2016 or September 30, 2017.