Condensed Consolidated Interim Financial Statements of

Posera Ltd.

(Unaudited)
Three and nine-months ended September 30, 2017 and 2016

Posera Ltd.

Consolidated Statements of Financial Position

As at September 30, 2017

(unaudited)

(in Canadian dollars)

		September 30, 2017		December 31, 2016
ASSETS (Note 7, 12 and 14)				
CURRENT				
Cash and cash equivalents	$	13,859,491	$	407,044
Accounts receivable (Note 12)		2,105,971		2,781,761
Note receivable		-		480,000
Current portion of lease and other receivables		45,587		84,748
Inventory		315,158		1,166,612
Investment credits receivable - refundable (Note 3)		550,793		510,204
Prepaid expenses and deposits		235,121		232,782
		17,112,121		**5,663,151**
NON-CURRENT				
Property, plant and equipment (Note 4)		179,737		254,043
Deferred income tax assets (Note 16)		67,436		-
Deposit on leased premises		40,702		39,583
Lease and other receivables		6,422		46,927
Investment tax credits receivable - non-refundable (Note 3)		744,853		803,016
Intangible assets (Note 5)		893,165		1,456,606
Goodwill (Note 6)		3,917,141		4,189,233
	$	**22,961,576**	**$**	**12,452,559**
LIABILITIES (Note 12 and 14)				
CURRENT				
Accounts payable and accrued liabilities (Note 12)	$	2,647,615	$	3,094,678
Provisions (Note 8)		-		669,841
Current portion of vehicle loans and capital leases		10,365		18,955
Income taxes payable (Note 10)		63,378		11,779
Deferred revenue		1,160,301		1,770,310
		3,881,659		**5,565,563**
NON-CURRENT				
Deferred income tax liability (Note 10)		-		19,360
Vehicle loans and capital leases		15,615		35,103
Notes payable (Note 9)		1,500,000		1,493,689
		5,397,274		**7,113,715**
EQUITY				
SHARE CAPITAL [Note 11(a)]		61,778,844		56,882,021
CONTRIBUTED SURPLUS [Note 11(b, c)]		7,894,258		7,494,531
WARRANTS [Note 11(d)]		-		80,133
DEFICIT		(52,709,613)		(59,845,314)
ACCUMULATED OTHER COMPREHENSIVE INCOME		600,813		727,473
		17,564,302		**5,338,844**
	$	**22,961,576**	**$**	**12,452,559**

See accompanying notes to the consolidated financial statements

Subsequent events (Note 17)

Posera Ltd.

Consolidated Statements of Operations and Comprehensive Loss

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

(unaudited)

(in Canadian dollars, except for number of common shares)

	Three-months ended September 30, 2017	Three-months ended September 30, 2016	Nine-Months ended September 30, 2017	Nine-Months ended September 30, 2016
REVENUE (Note 12, 16)				
Point of sale revenue	$ 2,258,166	$ 2,451,138	$ 7,346,582	$ 7,654,069
Payment processing revenue	-	-	-	8,237
TOTAL REVENUE	**2,258,166**	**2,451,138**	**7,346,582**	**7,662,306**
COST OF SALES (Note 12, 16)				
Cost of inventory	547,679	508,028	1,275,778	1,604,336
Technology (Note 3)	379,872	459,129	1,105,415	1,227,054
Operations and support	616,377	646,561	2,088,998	1,966,398
TOTAL COST OF SALES	**1,543,927**	**1,613,718**	**4,470,192**	**4,797,788**
GROSS PROFIT	**714,239**	**837,420**	**2,876,390**	**2,864,518**
OPERATING EXPENSES (Note 12, 16)				
Sales and marketing	586,194	492,019	1,654,557	1,545,108
General and administrative	1,144,424	1,075,222	3,862,267	3,430,523
Restructuring costs	(375,000)	221,558	(453,131)	910,131
TOTAL OPERATING EXPENSES	**1,355,619**	**1,788,799**	**5,063,693**	**5,885,762**
	(641,380)	**(951,379)**	**(2,187,303)**	**(3,021,244)**
OTHER EXPENSES (INCOME)				
Interest expense (Notes 7, 8 and 9)	60,298	90,586	(94,579)	267,370
Realized and unrealized loss on foreign exchange	62,700	7,673	185,977	35,537
Interest and other income	(2,953)	(2,552)	(8,734)	(9,962)
Loss on revaluation of financial instruments	-	(131,771)	-	108,229
TOTAL OTHER EXPENSES (INCOME)	**120,045**	**(36,064)**	**82,664**	**401,174**
NET LOSS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	**(761,425)**	**(915,315)**	**(2,269,967)**	**(3,422,418)**
INCOME TAX EXPENSE (RECOVERY)				
Current (Note 10)	37,647	74,054	238,502	107,948
Deferred (Note 10)	(274,446)	(38,553)	(219,375)	(249,716)
NET LOSS FROM CONTINUING OPERATIONS	**$ (524,626)**	**$ (950,816)**	**$ (2,289,094)**	**$ (3,280,650)**
Gain on disposition of subsidiary (net of tax) (Note 16)	11,237,620	-	11,237,620	1,959,794
Loss from discontinued operations (net of tax) (Note 16)	(855,349)	(39,143)	(1,812,823)	(76,268)
NET INCOME (LOSS)	**$ 9,857,645**	**$ (989,959)**	**$ 7,135,703**	**$ (1,397,124)**
Items that may be reclassified subsequently to net income				
Other comprehensive (loss) on foreign translation	(48,102)	35,450	(126,660)	(278,631)
NET COMPREHENSIVE (LOSS) INCOME	**$ 9,809,543**	**$ (954,509)**	**$ 7,009,043**	**$ (1,675,755)**
BASIC AND DILUTED (LOSS) INCOME PER SHARE (Note 11(e))	$ 0.09	$ (0.01)	$ 0.07	$ (0.02)
BASIC AND DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS SHARE (Note 11(e))	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.04)
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES (in 000's)	109,371	75,838	98,270	75,838

See accompanying notes to the consolidated financial statements

Posera Ltd.

Consolidated Statements of Changes in Equity

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

(unaudited)

(in Canadian dollars)

	Three-months ended September 30,				Nine-months ended September 30,			
		2017		2016		2017		2016
DEFICIT BEGINNING OF PERIOD	$	(62,567,258)	$	(56,571,531)	$	(59,845,314)	$	(56,164,366)
Net income (loss)		9,857,645		(989,959)		7,135,701		(1,397,124)
DEFICIT END OF PERIOD	**$**	**(52,709,613)**	**$**	**(57,561,490)**	**$**	**(52,709,613)**	**$**	**(57,561,490)**
ACCUMULATED OTHER COMPREHENSIVE INCOME BEGINNING OF PERIOD	$	648,915	$	602,069	$	727,473	$	916,150
Other comprehensive gain (loss) on foreign translation		(48,102)		35,450		(126,660)		(278,631)
ACCUMULATED OTHER COMPREHENSIVE INCOME END OF PERIOD	**$**	**600,813**	**$**	**637,519**	**$**	**600,813**	**$**	**637,519**
NET COMPREHENSIVE (LOSS) INCOME	**$**	**9,809,543**	**$**	**(954,509)**	**$**	**7,009,041**	**$**	**(1,675,755)**
SHARE CAPITAL BEGINNING OF PERIOD	$	59,017,999	$	56,882,021	$	56,882,021	$	56,882,021
Issued for cash consideration (Note 11(a))		2,841,791		-		5,109,891		-
Issued from the exercise of stock options [Notes 11(a,b, c)]		3,121		-		3,121		-
Issuance costs - cash (Note 11 (a))		(84,067)		-		(216,189)		-
SHARE CAPITAL END OF PERIOD [Note 11(a)]	**$**	**61,778,844**	**$**	**56,882,021**	**$**	**61,778,844**	**$**	**56,882,021**
CONTRIBUTED SURPLUS BEGINNING OF PERIOD	$	7,802,107	$	7,370,696	$	7,494,531	$	7,196,429
Expiry of warrants		-		-		80,133		-
Exercise of stock options		(1,147)				(1,147)		
Stock based compensation		93,298		62,063		320,741		236,330
CONTRIBUTED SURPLUS END OF PERIOD [Note 11(b, c)]	**$**	**7,894,258**	**$**	**7,432,759**	**$**	**7,894,258**	**$**	**7,432,759**
WARRANTS BEGINNING OF PERIOD	$	-	$	80,133	$	80,133	$	80,133
Expiry of warrants		-		-		(80,133)		-
WARRANTS END OF PERIOD [Note 11(d)]	**$**	**-**	**$**	**80,133**	**$**	**-**	**$**	**80,133**

See accompanying notes to the consolidated financial statements

Posera Ltd.

Consolidated Statements of Cash Flows

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

(unaudited)

(in Canadian dollars)

	Three-months ended September 30, 2017	Three-months ended September 30, 2016	Nine-months ended September 30, 2017	Nine-months ended September 30, 2016
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income (loss)	$ 9,857,645	$ (989,959)	$ 7,135,703	$ (1,397,124)
Items not affecting cash				
Amortization of property, plant & equipment (Note 4)	28,923	21,466	84,389	66,158
Amortization of intangible assets (Note 5)	136,462	176,007	462,542	549,998
Deferred income tax recovery (Note 10)	(134,315)	(38,553)	(79,244)	(249,716)
(Gain)loss on revaluation of financial instruments	-	(131,771)	-	108,229
Stock-based compensation expense [Note 11(b,c)]	93,298	62,064	320,741	236,331
Interest accretion (Note 9)	-	37,299	6,311	115,076
Gain on sale of Fingerprints assets (Note 16)	(11,235,167)		(11,235,167)	
Impairment of assets (Note 6)	17,548	-	17,548	-
Gain on disposition of other assets	(20,001)	-	(20,001)	-
Gain on reversal of impairment (Note 16)	(88,527)	-	(88,527)	-
Gain on sale of Zomaron (Note 16)	-	-	-	(1,959,794)
Unrealized loss on foreign exchange	(67,465)	(1,054)	2,734	(5,576)
	(1,411,599)	**(864,501)**	**(3,392,971)**	**(2,536,418)**
Changes in working capital items (Note 13)	(681,428)	(813,294)	(772,972)	(371,433)
	(2,093,027)	**(1,677,795)**	**(4,165,943)**	**(2,907,851)**
FINANCING				
Proceeds from issuance of Common Shares[(Note 11(a)]	2,838,770	-	5,106,770	-
Proceeds from the exercise of stock options [Notes 11(a,b, c)]	3,121	-	3,121	-
Issuance costs paid for Common Shares [Note 11(a)]	(84,067)	-	(216,189)	-
Repayment of vehicle loans and capital leases	(7,091)	(4,961)	(24,479)	(25,663)
Proceeds from vehicle loans	-	-	81,107	29,556
Disposition of leased vehicles	(28,078)	-	(28,078)	-
Repayment of notes payable (Note 9)	-	(162,803)	-	(392,840)
	2,722,655	**(167,764)**	**4,922,252**	**(388,947)**
INVESTING				
Disposition of Fingerprints assets (Note 16)	12,200,000		12,200,000	
Disposition of Zomaron (Note 16)	-		-	3,412,689
Acquisition of property, plant and equipment (Note 4)	(5,048)	(88,472)	(98,894)	(225,369)
Disposition of capital assets (Note 4 and 16)	81,951	-	81,951	-
Receipt of note receivable	-	-	480,000	-
	12,276,903	**(88,472)**	**12,663,057**	**3,187,320**
Foreign exchange gain on net cash and cash equivalents held in a foreign currency	**31,989**	**1,295**	**33,081**	**(15,660)**
NET CASH AND CASH EQUIVALENTS INFLOW (OUTFLOW)	**$ 12,938,520**	**$ (1,932,736)**	**$ 13,452,447**	**$ (125,138)**
NET CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	920,971	3,510,570	407,044	1,702,972
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 13,859,491**	**$ 1,577,834**	**$ 13,859,491**	**$ 1,577,834**
FOR THE PURPOSE OF THIS STATEMENT, NET CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING				
Cash and cash equivalents	$ 13,859,491	$ 1,577,834	$ 13,859,491	$ 1,577,834
Bank indebtedness (Note 7)	-	-	-	
	$ 13,859,491	**$ 1,577,834**	**$ 13,859,491**	**$ 1,577,834**
SUPPLEMENTAL OPERATING CASH FLOW INFORMATION				
Interest paid	$ 47,534	$ 53,287	$ 140,793	$ 154,628
Interest received	2,953	2,552	8,734	9,962
Income taxes paid	15,000	145,830	121,557	211,958
Investment credits and investment tax credits receivable received	-	-	374,274	-

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Posera Ltd. ("Posera", or the "Company"), is domiciled in Canada and is in the business of managing merchant transactions with consumers and facilitating payments emphasizing transaction speed, simplicity and accuracy. Posera develops and deploys touch screen point-of-sale ("POS") system software and associated enterprise management tools and has developed and deployed numerous POS applications. Posera also provides system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware support services. Posera licenses, distributes and markets its hospitality POS software, known as Maitre'D, throughout the Americas, Europe & Asia. Finally, the Company offers agnostic POS and payments integration applications.

Posera was founded in 2001 and is headquartered at 1106 Dearness Drive, Unit #4, in London, Canada N6E 1N9. The Company's common shares ("Common Shares") are listed on the Toronto Stock Exchange under the symbol "PAY".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with IFRS. As such, these condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year-ended December 31, 2016. These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 10, 2017.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements have been prepared on the historical cost basis.

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS effective for the year-ended December 31, 2017, as issued and outstanding as of the date the Board of Directors approved these statements. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year-ended December 31, 2016, except as described below.

The results for the three and nine-months ended September 30, 2017 are not necessarily indicative of the results to be expected for the full year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

These consolidated financial statements include the accounts of Posera Ltd. and its wholly owned subsidiaries. These subsidiaries are Posera Inc. and its subsidiaries: Posera France SAS; Posera Europe Ltd.; Posera Software Inc.; and Posera USA Inc. (collectively referred to as “Posera Inc.”); HDX Payment Processing Ltd. (“HDX-PP”). Century and Posera – HDX Scheduler were amalgamated with Posera Ltd. on January 1, 2016. A&A was amalgamated with Posera Ltd. on January 1, 2017. Zomaron Inc. (“Zomaron”) is included as a discontinued operation in the consolidated financial statement of the Company up until the date of its disposal on April 29, 2016. The assets of the FingerPrints business and Posera-HDX Scheduler are included as discontinued operations in the consolidated financial statement of the Company up until the date of its disposal on September 14, 2017.

Subsidiaries are those entities (including special purpose entities) over which the Company has the power to govern financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenditures, and gains and losses are eliminated.

Financing - Transaction Costs

Incremental costs incurred in respect of raising capital or debt are charged against the equity or debt proceeds raised, unless the instrument to which the transaction costs relate is classified as fair value through profit and loss in which case the incremental costs are expensed in the Statements of Operations immediately.

Assets and Disposal Groups Held for Sale or Distribution

Non-current assets, or significant disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Company’s accounting policies. Thereafter the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company’s accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Discontinued Operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statements of Operations and Comprehensive Income is re-presented in a format as if the operation had been discontinued from the start of the comparative period.

The Company presents the Results from Discontinued Operations as one net amount on the Consolidated Statements of Operations and Comprehensive Income.

IFRS standards issued but not yet effective

Standards issued but not yet effective or amended up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

i) In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company has identified its internal team in order to understand the implication, calculate the impact and adopt this new standard by the required timeline of January 1, 2018.

ii) In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and timing of when it is recognized. IFRS 15 supersedes current revenue recognition guidance, which is found currently across several standards and interpretations including IAS 11, Construction Contracts and IAS 18, Revenue. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the amount an entity expects to be entitled in exchange for those goods and services. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This amendment is applicable for annual periods beginning on January 1, 2018.

   The adoption of IFRS 15 is a significant initiative for Posera Ltd. To date, management has scheduled a strategic planning session and has begun to develop a preliminary adoption plan. Management is in the process of identifying the major revenue streams to be assessed, and is currently accumulating, identifying and inventorying detailed information on major contracts

(in Canadian dollars, except as noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that may be impacted by the changes at the transition date. Next steps involve completing the overall analysis, assessing any potential impact to IT systems and internal controls, and reviewing the additional disclosure required by the standard. Management continues to evaluate the overall impact of IFRS 15 on the consolidated financial statements.

iii) On January 13, 2016, the IASB issued IFRS 16, Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

As the company has significant contractual obligations in the form of operating leases under the existing standard, there will be a material increase in both assets and liabilities upon adoption of the new standard, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine its impact on the statement of financial position and statement of operations.

3. INVESTMENT CREDITS AND INVESTMENT TAX CREDITS RECEIVABLE

Investment tax credits related to Scientific Research and Experimental Design and investment credits related to Electronic Business, were recorded in the consolidated interim statements of operations as a reduction in technology expenses in the amount of $57,308 and $218,831 during the three and nine-months ended September 30, 2017 (2016 - $98,947 and $312,997) respectively. As of September 30, 2017, a subsidiary of the Company has refundable investment tax credits receivable totaling $550,793 (December 31, 2016 - $510,204), and non-refundable investment credits receivable totaling $744,853 (December 31, 2016 - $803,016) which expire according to the schedule below:

	September 30, 2017	December 31, 2016
2030	$ -	$ 21,422
2031	251,362	288,103
2032	327,736	327,736
2033	31,284	31,284
2034	23,135	23,135
2035	55,530	55,530
2036	55,806	55,806
Total	**$ 744,853**	**$ 803,016**

In order to receive the investment credits and investment tax credits receivable the Company must file its tax returns no later than 18 months after the period to which the claim relates.

(in Canadian dollars, except as noted)

4. PROPERTY PLANT AND EQUIPMENT ("PP&E")

The following is a reconciliation of the net book value for PP&E:

	Cost	Accumulated amortization and impairment	Net book value
Balance - December 31, 2016	**$ 1,004,363**	**$ 750,320**	**$ 254,043**
Amortization of PP&E	-	84,389	(84,389)
Additions of PP&E	98,894	-	98,894
Disposition of PP&E (Note 16)	(360,239)	(278,288)	(81,951)
Translation adjustment	18,632	25,492	(6,860)
Balance – September 30, 2017	**$ 761,650**	**$ 581,913**	**$ 179,737**

5. INTANGIBLE ASSETS

The following is a reconciliation of the net book value for Intangible Assets:

	Cost	Accumulated amortization and impairment	Net book value
Balance - December 31, 2016	**$ 14,317,408**	**$ 12,860,802**	**$ 1,456,606**
Amortization	-	462,542	(462,542)
Disposition (Note 16)	(6,694,676)	(6,6524,939)	(169,737)
Reversal of impairment (Note 16)		88,527	(88,527)
Translation adjustment	(626,407)	(606,718)	(19,689)
Balance – September 30, 2017	**$ 6,996,325**	**$ 6,103,160**	**$ 893,165**

6. GOODWILL

Reconciliation of Goodwill

	Net Book Value
Balance – December 31, 2016	**$ 4,189,233**
Disposition (Note 16)	-
Impairment of goodwill(i)	(17,548)
Translation adjustment	(254,544)
Balance – September 30, 2017	**$ 3,917,141**

(i) During the three-months ended September 30, 2017, the Company assessed an impairment of $17,548 of the Goodwill allocated to the Direct POS CGU related to the Century Cash Register ("Century") business. The impairment transpired during the period as the Century business did not transfer as part of the FingerPrints asset sale and as a result of the FingerPrints sale the Company did not have the internal resources in order to continue operating the Century. These circumstances led to a downward revision in the CGU's revenue and earnings expectations. The recoverable amount as at September 30, 2017 for the Century CGU was assessed as $nil. The impairment has been included in the operating expenditures in the Consolidated Statement of Operations and Comprehensive Loss.

(in Canadian dollars, except as noted)

7. BANK INDEBTEDNESS

As at September 30, 2017, the Company through its subsidiary Posera Software Inc., has a revolving operating line of credit with a drawn balance of $nil (December 31, 2016 - $nil), with access to capital of $200,000 (December 31, 2016 - $200,000). This facility bears interest at the Canadian bank prime rate plus 2.50%, with an effective interest rate of 6.50% (September 30, 2016 – 5.25%). Additionally, the facility has a first ranking $1,000,000 (December 31, 2016 - $1,000,000) moving hypothec on the assets of Posera Software. Posera Software must meet certain non-IFRS measures including Working Capital, EBITDA and maintain a certain level of shareholders' equity. As at September 30, 2017, the Company is in full compliance with these covenants.

The Company had a $1,500,000 stand-by operating facility, which was terminated by the Company on September 15, 2017. The Company could draw upon the stand-by operating facility at any time with 5 business days' notice to the accredited lender. The interest rate on any funds drawn was 10% per annum and the stand-by charge is 2.5%. The stand-by operating facility would have expired on December 31, 2018 and could be cancelled by the Company at any time with 90-days notice to the lender at no additional cost. During the three and nine months-ended September 30, 2017 the Company accrued or paid $9,375 and $28,125 (2016 - $nil and $nil) respectively in stand-by fees in relation to the stand-by operating facility. As at September 15, 2017, $nil ($nil – December 31, 2016) has been drawn upon this facility. The Company has stand-by interest obligation to the lender during the notice period until December 15, 2017.

8. PROVISIONS

	Provision for income tax and information return penalties(i)	Provision for restructuring obligations(ii)	**Total**
Balance – December 31, 2016	**$ 294,841**	**$ 375,000**	**$ 669,841**
Addition	-	-	-
Payment rendered	(23,725)	-	(23,725)
Reduction	(269,653)	(375,000)	(644,653)
Translation	(1,463)	-	(1,463)
Balance – September 30, 2017	**$ -**	**$ -**	**$ -**

(i) During the years-ended December 31, 2012 and December 31, 2016, the Company became aware that certain income tax and information returns were past-due, which may be subject to certain penalties provided by legislation, the amount and timing of which is not certain. The Company during the three-months ended June 30, 2017 received a ruling regarding the income tax penalties and interest included as a provision. The tax authorities ruled to abate $254,447 in interest and penalties previously assessed and included as a provision by the Company. During the three-months ended September 30, 2017 the Company received a final notice from the tax authorities which resulted in a further $15,206 abatement of taxes owing. Additionally, the Company rendered payment to the tax authorities in the amount of $23,725 resulting in a $nil balance owing as at September 30, 2017.

(in Canadian dollars, except as noted)

(ii) During the year-ended December 31, 2015, the Company assessed a provision in relation to certain restructuring obligations, the amount and timing of which is not certain. The Company assessed that there was no further obligation related to this provision and it was reversed on the Consolidated Statement of Operations and Comprehensive Loss during the three-months ended September 30, 2017.

9. NOTES PAYABLE

		Carrying Value	
#	Details	September 30, 2017	December 31, 2016
1	Series I 2014 Unsecured Convertible Subordinated Debentures, with a principal amount of $1,500,000, issued with a discount of $150,000, with a nominal interest rate of 10.25%, and an effective interest rate of 20.77%, due on January 15, 2017, and convertible at $0.45 until January 15, 2016 and $0.60 until January 15, 2017. On November 11, 2016, the Company entered into an agreement to extend the payment terms and the option to convert at $0.60 until January 15, 2019 for the Unsecured Convertible Subordinated Debentures totalling $1,500,000 from January 15, 2017. The nominal interest rate remains at 10.25% and there was no change in the terms relating to the conversion aspect of the Unsecured Convertible Subordinated Debentures.	1,500,000	1,493,689
	Total Notes Payable	**1,500,000**	**1,493,689**
	Current portion of the Notes Payable	-	-
	Long-term portion of the Notes Payable	**$ 1,500,000**	**$ 1,493,689**

Principal and interest payments required in the next five years, by fiscal year, and thereafter are as follows:

	September 30, 2017	December 31, 2016
2017	$ 38,438	$ 153,750
2018	153,750	153,750
2019 and thereafter	1,519,012	1,519,012
Sub-total	**1,711,200**	**1,826,512**
Less: Interest	(211,200)	(332,823)
Total	**$ 1,500,000**	**$ 1,493,689**

For the three and nine-months ended September 30, 2017, interest expense of $38,438 and $115,312 (2016 - $76,037 and $233,757) respectively was recorded in the consolidated statements of operations in relation to notes payable. The Company included a subsequent event for the redemption of the Convertible Debenture on October 4, 2017 per Note 17.

(in Canadian dollars, except as noted)

10. INCOME TAXES

Income tax expense has been recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year for each taxable entity, less a valuation adjustment in instances where it was not probable that any future income tax assets would be realized. The estimated average annual rate used for the three and nine-months ended September 30, 2017 and 2016, by taxable entity, ranged from 0% to 34%. Certain investment tax credits were netted against the expenses, which were incurred to earn the credits, see Note 3.

11. SHARE CAPITAL

(a) Authorized and issued

Authorized

An unlimited number of voting common shares with no par value.

Common Shares Issued	Number of Common Shares	$
Balance December 31, 2016	**75,837,705**	**56,882,021**
Issued for cash consideration (i)(ii)	42,582,423	5,109,891
Issuance costs – cash (i)(ii)	-	(216,189)
Exercise of options	15,000	3,121
Balance September 30, 2017	**118,435,128**	**61,778,844**

(i) On January 20, 2017, the Company issued a total of 18,899,997 Common Shares at a price of $0.12 per Common Share for gross proceeds of $2,268,000 (the "Offering"). Posera paid finder's fees in the aggregated amount of $71,098 in connection with certain subscriptions for Common Shares, representing 6.0% of the gross proceeds of such subscriptions.

(ii) On August 4, 2017 and August 9, 2017, the Company issued 19,932,426 and 3,750,000 respectively for a total of 23,682,426 Common Shares at a price of $0.12 per Common Share for gross proceeds of $2,841,891 (the "Offering"). Posera paid finder's fees in the aggregated amount of $35,729 in connection with certain subscriptions for Common Shares, representing 6.0% of the gross proceeds of such subscriptions.

(in Canadian dollars, except as noted)

11. SHARE CAPITAL (*continued*)

(b) Stock options and stock-based compensation

On September 20, 2011, the shareholders of the Company approved a new stock option plan (the “Plan”). The Plan has a rolling maximum number of Common Shares that may be issued upon the exercise of stock options, but shall not exceed 15% of the issued and outstanding Common Shares at the time of grant as approved at the June 29th, 2016 annual general meeting of shareholders. Prior to the amendment to the plan approved on June 29th, 2016, the rolling maximum number of Common Share shall not have exceeded 10% of the issued and outstanding Common Shares. Any increase in the total number of issued and outstanding Common Shares will result in an increase in the available number of options issuable under the Plan, and any exercises of options will make new grants available under the Plan. Options under the Plan vest over various periods from the date of the granting of the option. All options granted under the Plan that have not been exercised within ten years of the grant will expire, subject to earlier termination if the optionee ceases to be an officer, director, employee or consultant of the Company. The Plan was established on July 31, 2007, reapproved on June 18, 2014 and June 29, 2016. The Plan was enacted to encourage ownership of the Company's Common Shares by its key officers and directors, employees and consultants.

In conjunction with the completion of the FingerPrints asset sale to SICOM Systems Canada Inc. on September 14, 2017, the Company agreed to accelerate the vesting for all unvested options for only the FingerPrints transferred employees. Additionally, the Company offered a cash exercise option for all transferred employee for their vested options. The ability to execute the Cashless Exercise option expired on October 24, 2017.

The following is a summary of the stock options granted and changes for the periods then ended.

	Three-months ended September 30, 2017	
	Number Outstanding	Weighted Average Exercise Price
Options outstanding, beginning of the period	9,236,500	$ 0.17
Granted	1,722,000	0.15
Exercised	(15,000)	0.125
Forfeited and expired	(327,500)	0.24
Options outstanding, end of the period	**10,616,000**	**$ 0.18**
Options exercisable, end of the period	**6,217,075**	**$ 0.19**

(in Canadian dollars, except as noted)

11. SHARE CAPITAL (*continued*)

The following table summarizes information about options outstanding as at;

September 30, 2017

		Options outstanding		Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.125	1,243,500	3.75	0.125	307,125	0.125
0.15	3,402,000	4.58	0.15	1,364,450	0.15
0.17	4,675,000	4.12	0.17	3,250,000	0.17
0.20	150,000	4.11	0.20	150,000	0.20
0.32	1,145,500	1.55	0.32	1,145,500	0.32
	10,616,000	**3.94**	**$0.175**	**6,217,075**	**$0.19**

December 31, 2016

		Options outstanding		Options exercisable	
Exercise Price	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.125	1,417,000	4.58	0.125	177,125	0.125
0.17	2,375,000	4.45	0.17	2,375,000	0.17
0.20	150,000	4.86	0.20	150,000	0.20
0.25	1,484,656	0.46	0.25	1,484,656	0.25
0.28	250,000	0.50	0.28	250,000	0.28
0.32	1,165,500	2.30	0.32	1,165,500	0.32
	6,842,156	**3.12**	**$0.21**	**5,602,281**	**$0.23**

Of the options outstanding as at September 30, 2017, 3,075,000 outstanding options (December 31, 2016 – 1,625,000) with an exercise price of ranging from $0.15 to $0.17, are consultant compensation options.

For the three and nine-months ended September 30, 2017, the Company recognized an expense of $72,099 and $299,542 (2016 – $62,064 and $236,331) respectively for the vesting of options issued to directors, officers, consultants and employees, which is included in Operating Expenses. The fair value of each option granted was estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for options granted in the respective period ended:

	Three-months ended September 30, 2017	Three-months ended September 30, 2016
Risk-free rate of return	1.50%	0.60%
Expected volatility (i)	71%	82%
Dividend yield	-%	-%
Weighted average expected life	5 years	5 years
Estimated forfeiture rate	10%	0 - 5%

(i) The Company estimated the expected volatility on the date of grant through reference to the historical volatility of the Company's shares over a similar period.

(in Canadian dollars, except as noted)

11. SHARE CAPITAL (*continued*)

(c) Contributed Surplus

Balance December 31, 2016	**$ 7,494,531**
Stock based compensation	138,325
Balance March 31, 2017	**$ 7,632,856**
Stock based compensation	89,118
Warrant expiry	80,133
Balance June 30, 2017	**$ 7,802,107**
Stock based compensation	93,298
Exercise of options	(1,147)
Balance September 30, 2017	**$ 7,874,258**

(d) Warrants

The warrants outstanding are as follows:	September 30, 2017		December 31, 2016	
	Number of Warrants	Carrying value	Number of Warrants	Carrying value
Outstanding share purchase warrants to purchase Common Shares at $0.40 per share. The warrants expired on April 23, 2017(i)	-	-	893,480	80,133
Total	**-**	**$ -**	**893,480**	**$ 80,133**

(i) The value of the warrants was estimated utilizing an expected volatility of 69.37%, an expected life of 2 years, and a discount rate of 1.65%.

(e) Loss per share

The Company uses the treasury stock method of calculating the dilutive effect of options and warrants on loss per share. Stock options, consultant compensation options, warrants and convertible debenture are only included in the dilution calculation if the exercise price is below the average market price for the period. The following is a summary of stock options, broker compensation options, convertible debenture and warrants:

	Exercise price	Expiry	Number issued and outstanding	Number exercisable with dilutive impact	Number exercisable with anti-dilutive impact
Stock and consultant compensation options	Note 11(b)	Note 11(b)	10,616,000	-	6,217,075
Conversion option	Note 9	Note 9	2,500,000	-	2,500,000
Warrants	Note 11(d)	Note 11(d)	-	-	-

(in Canadian dollars, except as noted)

12. RELATED PARTY TRANSACTIONS

Posera conducted business with a Company controlled by former Chief Executive Officer ("CEO") Paul K. Howell, who stepped down from that role on September 25, 2015 and then subsequently resigned from his directorship on May 24, 2016 and ceased to be a related party at that time. During the period January 1, 2016 to May 24, 2016, when Mr. Howell was a related party the Company recognized revenue in the amount of $47,395. Additionally, Posera recognized operating expenses and purchased products of $26,097 for the period from January 1, 2016 to May 24, 2016. All transactions were agreed upon by the parties and were completed at the exchange amount.

Posera conducted business with a Company controlled by the Executive Chairman of Posera. During the period July 1, 2017 to September 30, 2017 the Company incurred transaction costs related to the sale of the FingerPrints business in the amount of $660,000 (2016 - $nil). The transaction costs that were charged to the Corporation comprised of services including, counterparty identification, negotiation, structuring, financial analytics, facility costs, management oversight and administrative related services. All transactions are reported at exchange amount. As at September 30, 2017, the Company is in a payable position of $660,000 (December 31, 2016 - $nil) which will be settled between the related parties in the normal course of business.

During the three and nine-months ended September 30, 2017, the Company received legal fees and disbursement invoices totaling $59,443 and $142,975 (2016 - $3,133 and $9,961), from law firms, which a director of Posera is and/or was a partner. As at September 30, 2017, the Company is in a payable position of $141,478 (December 31, 2016 - $613) which will be settled between the related parties in the normal course of business.

Compensation of key management

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	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 – continuing operations	$ 172,157	$ 441,411	$ 491,813	$ 1,036,612
Share-based payments	5,747	40,053	184,342	111,750
Total Presented in Continuing Operations	**$ 177,904**	**$ 481,463**	**$ 676,155**	**$ 1,148,362**
Salaries and short-term employee benefits – discontinued operations	205,000	-	205,000	-
Total	**$ 382,904**	**$ 481,463**	**$ 881,155**	**$ 1,148,362**

The salaries, severance and short-term employee benefits are expensed as occurred, whereas the share-based payments are recorded at the date of grant and expensed over the vesting period to the Consolidated Statements of Operations and Comprehensive Loss.

(in Canadian dollars, except as noted)

13. CHANGES IN WORKING CAPITAL ITEMS

	Three-months September 30, 2017	Three-months September 30, 2016	Nine-months September 30, 2017	Nine-months September 30, 2016
Accounts receivable	$ (432,037)	$ (509,067)	$ (368,760)	$ (31,420)
Investment tax credits and investment credits receivable	(208,493)	(56,324)	(40,589)	(133,724)
Income taxes payable and recoverable	7,267	(46,547)	51,599	(87,597)
Lease receivable	17,174	(148,268)	36,646	(139,102)
Inventory	257,407	(103,759)	112,233	(252,154)
Prepaid expenses and deposits	(53,402)	(4,973)	(2,339)	49,831
Accounts payable and accrued liabilities	(72,554)	(41,766)	(354,997)	(12,483)
Provisions	(413,931)	-	(669,841)	-
Lease payable	(22,950)	-	(22,950)	-
Deferred revenue	240,091	97,410	486,026	235,216
Total	**$ (681,428)**	**$ (813,294)**	**$(772,972)**	**$ (371,433)**

14. FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities, approximate their carrying value at September 30, 2017 and December 31, 2016.

The Company's financial instruments' carrying values by classification have been summarized below:

	September 30, 2017	December 31, 2016
Financial assets		
Loans and receivables	$17,313,119	$ 5,113,700
Financial liabilities		
Other financial liabilities	4,173,595	4,642,425

15. SEGMENTED INFORMATION

The Company in prior years was divided into two reportable segments: Point-of-Sale ("POS") and Payments. During fiscal 2016, the Company divested the Zomaron Inc. entity as disclosed in the discontinued operations Note 16, which were excluded from segmented results throughout fiscal 2016 and the Company disposed of the assets for the ATM payment processing division. The disposal of these business units has resulted in the elimination of the Payments reporting segment and prospectively the Company only has the one reportable segment, being POS. The disposal of the FingerPrints and Posera-HDX Scheduler Inc. assets does not impact the Company's assessment of segmented reporting.

(in Canadian dollars, except as noted)

16. DISPOSITION OF ZOMARON AND FINGERPRINTS AND DISCONTINUED OPERATIONS

During the three-months ended March 31, 2016, the Company divested of its wholly owned subsidiary Zomaron Inc., which is within the Payments Segment following the decision to focus Company resources and capital investment in targeted growth opportunities in the core markets of the Company's Point-of-Sale and SecureTablePay platforms.

On April 29, 2016, the Company completed the sale of Zomaron Inc., to a company established by Zomaron's current operating management team, for an amount totalling $4.5 million. Consideration for the sale of Zomaron shares comprised of a cash payment of $2.0 million on closing. Additionally, on closing Posera received a repayment of an existing intercompany debt in the amount of $1.3 million. Further, the buyers have assumed a secured note payable with an estimated value on the date of disposition of $1.2 million, $0.4 million of which was unconditionally due on or before December 31, 2016, and $0.8 million of which was repayable at an amount that is dependent on certain variables, including Posera's share price. The note receivable was received by the Company in the first quarter of fiscal 2017.

See below for a reconciliation of the Note Receivable Balance issued as part of the Zomaron Disposition:

	Note Receivable	
Balance – March 31, 2016	$	Nil
Zomaron Disposition		1,200,000
Payments received		(400,000)
Revaluation		(320,000)
Balance – December 31, 2016	**$**	**480,000**
Payments received		(480,000)
Balance – September 30, 2017	**$**	**-**

As at April 29th, 2016, the disposal group comprised $2,365,207 of Net Assets, as detailed below:

	Assets			Liabilities	
Cash and cash equivalents	$	287,311			
Accounts receivable		472,691			
Prepaid expenses and deposits		10,815	Accounts payable		
Property, plant and equipment		95,149	and other accrued charges	$	796,816
Intangible assets		221,864	Vehicle loans		
Goodwill		2,161,813	and capital leases		87,620
Total assets disposed	**$**	**3,249,643**	**Total liabilities disposed**	**$**	**884,436**

The Company recorded a gain on the disposal of Zomaron of $1,959,794, being a gain of $2,134,794 less tax of $175,000. The Company incurred transaction costs related to the disposition of Zomaron of $nil and $70,814 during the three and nine-months ended September 30, 2017 and 2016 respectively, which has been recorded in General and Administrative in the Statement of Operations.

Zomaron has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the period, and has been re-presented in a format as such in the comparative period.

(in Canadian dollars, except as noted)

16. DISPOSITION OF ZOMARON AND FINGERPRINTS AND DISCONTINUED OPERATIONS *(continued)*

The results of the discontinued operation, which are presented as one net amount on the Consolidated Statements of Operations and Comprehensive Loss during the periods are summarized below:

	Three-months ended September 30, 2017(i)	Three-months ended September 30, 2016	Nine-months ended September 30, 2017(i)	Nine-months ended September 30, 2016
Revenue	$ -	$ -	$ -	$ 1,279,183
Cost of inventory	-	-	-	254,075
Operations and support	-	-	-	124,375
Total Cost of Sales	**-**	**-**	**-**	**378,450**
Gross Profit	**-**	**-**	**-**	**900,733**
Sales and marketing	-	-	-	779,259
General and administrative	-	-	-	189,438
Total Operating expenses	**-**	**-**	**-**	**968,697**
Interest expense	-	-	-	2,334
Net Income(loss) before income taxes from discontinued operations	**-**	**-**	**-**	**(70,298)**
Deferred tax recovery	-	-	-	-
Net Income(loss) from discontinued operations	**$ -**	**$ -**	**$ -**	**$ (70,298)**

(i) Three and nine-months ended September 30, 2016 includes results until the date of disposition, being April 29, 2016.

Cash flows from (used in) Discontinued Operations included in the Consolidated Statements of Cash Flows are detailed below:

	Three-months ended September 30, 2017	Three-months ended September 30, 2016	Nine-months ended September 30, 2017	Nine-months ended September 30, 2016
Cash flow from Operations	$ -	$ -	$ -	$ 139,141
Cash flow used in Financing	-	-	-	(12,835)
Total Cash flow from (used in) Discontinued Operations	**$ -**	**$ -**	**$ -**	**$ (126,306)**

(in Canadian dollars, except as noted)

16. DISPOSITION OF ZOMARON AND FINGERPRINTS AND DISCONTINUED OPERATIONS *(continued)*

During the period ended September 30, 2017, the Company sold its FingerPrints business, which allows the Company to focus its resources and capital investment on its Maitre'D, Kitchen Display Systems ("KDS") and SecureTablePay product offerings.

As at August 10, 2017 the FingerPrints assets were recorded as a discontinued operation being held for sale. On September 14, 2017, the Company completed the sale of FingerPrints, to SICOM Systems Canada Inc. ("SICOM"). Consideration for the sale of FingerPrints comprised of a cash payment of $12.2 million, to be adjusted by a post-closing working capital adjustment. The total acquired net assets and the post-closing working capital adjustments are expected to be finalized in the fourth quarter of 2017. These post-closing adjustments may result in changes to the gain on sale, which will be recorded and disclosed when they occur. The proceeds of sale exceeded the carrying amount of the related net assets, and, accordingly, no impairment losses were recognized on the reclassification of FingerPrints as held for sale.

As at September 14, 2017, the date of disposition, the disposal group comprised $406,077 of Net Assets, as detailed below:

	Assets		Liabilities
Accounts receivable	1,019,518		
Other receivables	15,677		
Inventory	739,221	Accounts payable and	
Deposits on leased premises	11,870	accrued liabilities	453,767
Property plant and equipment	81,951	Deferred revenue	1,096,035
Intangible assets	169,737	Vehicle loans	82,095
Total assets disposed	**$ 2,037,974**	**Total liabilities disposed**	**$ 1,631,897**

During the period-ended September 30, 2017 the Company recorded a gain on the disposal of FingerPrints of $11,237,620 which includes the gain on the reversal of a previous impairment. The gain on the disposal is net of tax of $nil and net of costs related to the transaction of $781,867. FingerPrints has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the three-months ended September 30, 2017, the nine-months ended September 30, 2017 and the respective 2016 comparative periods.

During the three-months ended September 30, 2017, the Company assessed a reversal of impairment of $88,527 related to Intangible assets of the Fingerprints business. The reversal occurred as the assets had previously been impaired due to downward revisions to the recoverable amount of these assets. As the Company disposed of the assets of the Fingerprints business for a gain, a revision to the recoverable amount was applied to reverse the impairment of Fingerprints intangible assets that was previously recognized. The reversal of the impairment was limited to the carrying amount for the assets that would have been recorded had no impairment previously been recognized.

(in Canadian dollars, except as noted)

16. DISPOSITION OF ZOMARON AND FINGERPRINTS AND DISCONTINUED OPERATIONS *(continued)*

The results of the discontinued operation, which are presented as one net amount on the Consolidated Statements of Operations and Comprehensive Loss during the periods are summarized below:

	Three-months ended September 30, 2017(i)	Three-months ended September 30, 2016(i)	Nine-months ended September 30, 2017(i)	Nine-months ended September 30, 2016(i)
Revenue	$ 1,334,681	$ 1,717,388	$ 4,586,296	$ 5,263,269
Cost of inventory	687,456	372,821	1,828,200	1,359,814
Technology	153,355	49,961	447,061	181,328
Operations and support	708,908	798,017	2,390,334	2,160,798
Total Cost of Sales	**1,549,720**	**1,220,799**	**4,665,594**	**3,701,940**
Gross Profit	**(215,039)**	**496,589**	**(79,298)**	**1,561,329**
Sales and marketing	326,086	288,626	906,894	794,636
General and administrative	399,286	175,206	837,027	517,120
Restructuring costs	-	71,900	78,131	255,543
Total Operating expenses	**725,372**	**535,732**	**1,822,052**	**1,567,299**
Interest expense	-	-	-	-
Net Income / (loss) before income taxes from discontinued operations	**(943,876)**	**(39,143)**	**(1,901,350)**	**(5,970)**
Gain on reversal of impairment	88,527	-	88,527	-
Deferred tax recovery	-	-	-	-
Net Income / (loss) from discontinued operations	**(855,349)**	**(39,143)**	**(1,812,823)**	**(5,970)**

(ii) Three and nine-months ended September 30, 2017 includes results until the date of disposition, being September 14, 2017.

17. SUBSEQUENT EVENTS

i) On October 4th, 2017, the Company issued notice to redeem the outstanding Series I 2014 Unsecured Convertible Subordinated Debentures, with a principal amount of $1,500,000. The redemption stipulated a 15-day notice period, therefore all Series I 2014 Unsecured Convertible Subordinated Debentures were redeemed by the Company on October 19th, 2017.