FACEDRIVE INC.
(formerly High Mountain Capital Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Canadian dollars)

Facedrive Inc. (formerly High Mountain Capital Corporation)
Consolidated Financial Statements
December 31, 2019 and 2018
(In Canadian dollars, except where otherwise indicated)

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Facedrive Inc. (formerly known as High Mountain Capital Corporation):

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated accompanying consolidated financial statements of **Facedrive Inc.**, "the Corporation" (formerly known as **High Mountain Capital Corporation**), which comprise of the consolidated statements of financial position as at **December 31, 2019** and **December 31, 2018**, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation’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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

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 consolidated 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 Corporation'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 Corporation'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 consolidated 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 Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 Sadik Najarali.

NVS Professional Corporation

NVS Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants

Markham, Ontario
April 23, 2020

Facedrive Inc. (formerly High Mountain Capital Corporation)
Consolidated Statements of Financial Position
(In Canadian dollars, except where otherwise indicated)

As at December 31,	Note		2019		2018
ASSETS					
Current assets					
Cash and cash equivalents	13	$	3,790,894	$	9,014
Trade and other receivables	14		428,086		126,483
Prepaid expenses and deposits	15		134,363		65,000
			4,353,343		200,497
Interest receivable	16		7,686		-
Promissory note receivable	16		1,298,800		-
Right-of-use asset	24		182,192		-
Total assets		$	5,842,021	$	200,497
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	17	$	746,893	$	496,328
Deferred income			150,000		-
Due to related parties	21		-		392,978
Lease liability - current	24		53,947		-
			950,840		889,306
Lease liability	24		138,010		-
Due to related parties	21		334,028		334,028
Total liabilities			1,422,878		1,223,334
SHAREHOLDERS' EQUITY (DEFICIT)					
Capital stock	19		13,843,970		1,998,802
Contributed surplus			539,169		-
Deficit			(9,963,996)		(3,021,639)
Total shareholders' equity (deficit)			4,419,143		(1,022,837)
Total liabilities and shareholders' equity		$	5,842,021	$	200,497

Commitments, contingencies and guarantees — Note 23
Subsequent events — Note 26

Approved by:

(signed) "Junaid Razvi" Director   *(signed) "Sayanthan Navaratnam"* Director

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

Facedrive Inc. (formerly High Mountain Capital Corporation)
Consolidated Statements of Loss and Comprehensive Loss
(In Canadian dollars, except where otherwise indicated)

For the years ended December 31,	Note		2019		2018
REVENUE	7	$	599,104	$	13,579
COSTS AND OPERATING EXPENSES					
Cost of revenue	8		270,562		53,407
General and administration	9		848,809		40,059
Operational support	10, 21		1,542,753		417,455
Research and development	11, 21		917,177		383,331
Sales and marketing	12		1,559,969		1,052,875
Depreciation	24		16,563		-
Total operating expenses			5,155,833		1,947,127
OPERATING LOSS			(4,556,729)		(1,933,548)
OTHER INCOME (EXPENSES)					
Foreign exchange loss			(15,327)		-
Interest expenses			(4,421)		-
Interest income			10,172		-
Listing expenses	6		(2,376,052)		-
NET LOSS AND COMPREHENSIVE LOSS		$	(6,942,357)	$	(1,933,548)
Loss per share – basic and diluted		$	(0.08)	$	(0.03)
Weighted average shares outstanding – basic and diluted			82,227,082		66,034,870

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

Facedrive Inc. (formerly High Mountain Capital Corporation)
Consolidated Statements of Changes in Equity
(In Canadian dollars, except where otherwise indicated)

	Note	Number of shares	Share capital	Contributed surplus	Deficit	Total shareholders' equity (deficit)
Balance, December 31, 2017		41,680,731	$ 817,154	$ -	$ (1,088,091)	$ (270,937)
Issuance of share capital	19, 20	24,354,140	1,181,648	-	-	1,181,648
Net loss and comprehensive loss		-	-	-	(1,933,548)	(1,933,548)
Balance, December 31, 2018		**66,034,871**	**$ 1,998,802**	**$ -**	**$ (3,021,639)**	**$ (1,022,837)**
Issuance of share capital	19	24,592,470	10,070,006	-	-	10,070,006
Repurchase of share capital	19	(1,420,614)	(281,827)	-	-	(281,827)
Cancellation of share capital	19	(340,947)	-	-	-	-
Reverse takeover acquisition	6, 19	1,298,750	2,056,989	-	-	2,056,989
Share-based payments	20	-	-	539,169	-	539,169
Net loss and comprehensive loss		-	-	-	(6,942,357)	(6,942,357)
Balance, December 31, 2019		**90,164,530**	**$ 13,843,970**	**$ 539,169**	**$ (9,963,996)**	**$ 4,419,143**

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

Facedrive Inc. (formerly High Mountain Capital Corporation)
Consolidated Statements of Cash Flows
(In Canadian dollars, except where otherwise indicated)

For the years ended December 31,		2019		2018
Cash provided by (used in)				
OPERATING ACTIVITIES				
Net loss	$	(6,942,357)	$	(1,933,548)
Items not affecting cash:				
Depreciation		16,563		-
Listing expenses		1,853,200		-
Share-based payments		489,755		739,278
Unrealized foreign exchange loss		15,327		-
Net change in non-cash working capital items:				
Trade and other receivables		(297,464)		(71,808)
Prepaid expenses and deposits		(69,363)		(17,500)
Interest receivables		(7,686)		-
Accounts payable and accrued liabilities		640,072		404,359
Deferred income		150,000		-
Cash used in operating activities		(4,151,953)		(879,219)
INVESTING ACTIVITIES				
Cash acquired in reverse takeover		253,053		-
Investment in promissory note		(1,314,000)		-
Cash used in investing activities		(1,060,947)		-
FINANCING ACTIVITIES				
Advances from related parties		-		404,519
Repayments to related parties		(36,600)		-
Repurchase of common shares		(281,827)		-
Issuance of common shares		9,320,006		442,370
Principal payment of lease liabilities		(6,799)		-
Cash provided by financing activities		8,994,780		846,889
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,781,880**		**(32,330)**
Cash and cash equivalents, beginning of year		9,014		41,344
Cash and cash equivalents, end of year	$	**3,790,894**	**$**	**9,014**

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

1. CORPORATE INFORMATION

Facedrive Inc. (formerly High Mountain Capital Corporation) ("Facedrive" or the "Company") was incorporated on January 18, 2018 under the *Business Corporations Act* (Alberta). The Company's corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

The Company was previously classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V"). The principal business of the Company as a CPC was to identify and evaluate assets or businesses with a view to potentially acquiring such assets or businesses, or an interest therein, by completing a transaction, the purpose of which was to satisfy the related conditions of a "qualifying transaction" under the applicable rules of the TSX-V.

On May 17, 2019, the Company, 2696170 Ontario Inc. ("Subco"), a wholly-owned subsidiary of the Company, and Facedrive Inc. (the "Private Company"), a private company, entered into an amalgamation agreement (the "Amalgamation Agreement") pursuant to which, among other things, the Private Company amalgamated with Subco to form 5021780 Ontario Inc., a wholly-owned subsidiary of the Company, and each shareholder of the Private Company received 0.473538 common shares of the Company (each, a "Share") for every one share of the Private Company held (the "Transaction" or the "RTO"). Immediately prior to the Transaction, the Company effected a consolidation of the Shares on a 50-to-1 basis. As part of the Transaction, the Company changed its name from "High Mountain Capital Corporation" to "Facedrive Inc.". The Transaction was completed on September 16, 2019 and the Shares resumed trading on the TSX-V under the trading symbol "FD" on September 19, 2019. The Transaction resulted in the issuance of 8,886,578 Shares and constituted a "reverse take-over" of the Company as the former Private Company shareholders acquired a majority of the outstanding Shares. All Share numbers in this paragraph are presented on a pre-Forward Split (as defined below) basis.

On October 9, 2019, the Company completed a forward split of its Shares on the basis of 10 new Shares for each one Share outstanding (the "Forward Split"). Prior to the Forward Split, the Company had 9,016,453 Shares issued and outstanding. Immediately following the Forward Split, the Company had 90,164,530 Shares issued and outstanding.

On December 31, 2019, the Company completed an amalgamation and continuance from a company incorporated under the *Business Corporations Act* (Alberta) to a company continued under the *Business Corporations Act* (Ontario) under the name "Facedrive Inc.".

Facedrive is a unique "people-and-planet first" ridesharing platform and is the first Canadian peer-to-peer, eco-friendly ride-sharing network. Facedrive is committed to doing business fairly, equitably and sustainably, by giving riders a choice between electric vehicles, hybrid vehicles and conventional gas-powered vehicles, and then offsetting the CO_2 emissions generated from each ride through various environmental sustainability practices, including the planting of thousands of trees. As a community platform, drivers are real partners in the Company, benefitting from uniquely customized incentives and rewards that reflect a dedication to shared success.

2. BASIS OF PRESENTATION

(a) 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 Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and using the accounting policies described herein.

These consolidated financial statements were authorized for issue by the board of directors of the Company (the "Board of Directors") on April 23, 2020.

(b) Basis of Presentation

These consolidated financial statements have been prepared using the historical cost basis, except for certain financial instruments that were measured and recorded at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, the Company's functional and reporting currency. All amounts stated in these consolidated financial statements expressed in Canadian dollars, except where otherwise indicated.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and the other entities that the Company controls in accordance with IFRS 10 – *Consolidated Financial Statements*. The subsidiaries of the Company are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. The Company's subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control of such entity. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Company. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

(b) Revenue recognition

The Company derives substantially all of its revenue from two categories: (a) service fees charged to independent drivers for the use of the Company's rideshare platform (the "Platform") and (b) fees charged by the Company for licensing the Company's name, trademark, logo and other intellectual property to third parties.

Revenue from licensing arrangements, which allows licensees to use the Company's name, trademark, logo and other intellectual property for a period of time, is considered a "right-to-access" license and is recognized rateably over the term of the licensing arrangement. Amounts collected in excess of revenue recognized under these licensing arrangements are recorded as deferred income.

Our Platform connects riders to drivers who provide personal transportation services to passengers using a variety of vehicles. The Company recognizes revenue from service fees based on the five-step model outlined in IFRS 15 – *Revenue from Contracts with Customers.* Under the Company's Terms of Service ("TOS"), drivers acknowledge and agree that the Company will retain a service fee on each transaction (or ride) whereby the driver connects to the passenger using the Company's Platform. The Company recognizes each ride as a single performance obligation and revenue is recognized on completion of each ride. The Company collects fares and related charges from passengers on behalf of drivers using the passenger's pre-authorized credit card. The Company then deducts its service fee and delivers the balance of the fare to the driver.

"Principal" vs. "Agent" Considerations

The Company evaluates the presentation of revenue on a gross versus net basis based on whether the Company acts as (i) a "principal" by controlling the transportation service provided to passengers or (ii) an "agent" between the driver and the rider by arranging for drivers to provide the service to passengers. The Company's role in each transaction (or ride) is as a facilitator; to provide the Platform to drivers in order for drivers to provide a successful transportation service to passengers (the drivers' "customer"). While the Company facilitates setting the price for services, the drivers and passengers have the discretion in accepting the transaction price through the Platform. Accordingly, the Company has concluded that it is not primarily responsible for the services, as it does not contract drivers to provide transportation services on the Company's behalf and does not control the transportation services being provided to the passenger. Consequently, the Company acts as an "agent" by facilitating the ability of a driver to provide a transportation service to a passenger. As a result, the Company reports revenue on a net basis, reflecting the fee owed to the Company from the drivers as revenue and not the gross amount collected from the passenger.

(c) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to use an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for (i) leases with a lease term of 12 months or less and (ii) leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments and expected payments at the end of the lease, discounted using the rate implicit in the lease. If the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is measured at a cost that includes the lease liability, adjusted for any initial direct costs, prepaid lease payments, estimated costs to dismantle, remove or restore and lease incentives received. The right-of use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

The Company re-measures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

(d) Product development costs

Research and product development costs include out-of-pocket costs and direct labour and overhead expenses. Research costs are expensed as incurred. Product development costs are expensed as incurred unless they meet the criteria for deferral and amortization as set forth in International Accounting Standards ("IAS") 38 – *Intangible Assets* ("IAS 38").

Development activities involve a plan or design for the production of a new core of substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. All other development expenditures are recognized in the consolidated statements of loss and comprehensive loss as incurred.

Capitalized development costs (intangible asset) with finite useful lives are amortized over their estimated useful lives. The amortization methods and estimated useful lives of intangible assets are reviewed annually. Intangible assets are tested for impairment as required by IAS 38 and IAS 36 – *Impairment of Assets* if there are indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the intangible asset or the cash-generating unit exceeds their recoverable amount. Impairment losses are recognized in the consolidated statements of loss and comprehensive loss. Amortization is provided on a straight-line basis over the estimated useful life of the asset.

(e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset or CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, an appropriate valuation model is used. The Company has CGUs against which impairment can be tested. The Company had no goodwill or indefinite life intangible assets for the years ended December 31, 2019 and December 31, 2018.

Impairment losses in respect of continuing operations are recognized in the consolidated statements of loss and comprehensive loss in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously-recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the non-financial asset's or CGU's recoverable amount.

A previously-recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. Any such reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the consolidated statements of loss and comprehensive loss.

(f) Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 – *Financial Instruments* contains three primary measurement categories for financial assets: amortized cost; fair value through other comprehensive income; and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the consolidated statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its trade and other receivables, accounts payable and accrued liabilities, amounts due to related parties and lease liability as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Cash and cash equivalents and the promissory note receivable (see Note 16) are classified as FVTPL.

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in profit or loss. The Company does not have any derivatives for the years presented.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows attributable to that asset, discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed.

(g) Share-based payments

Equity-settled share-based payments made to employees are measured at the fair value of the instruments at the grant date and recognized in expense over the applicable vesting periods. Equity-settled share-based payments made to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Non-employee share-based payments are recognized in expense at the date the goods or services are received. The corresponding amount is recorded to reserves. Upon the exercise of stock options at the applicable exercise price, the consideration received by the Company on the exercise is recorded in share capital.

The fair value of options and warrants are determined using the Black-Scholes Option Pricing Model on the date of the grant, based on certain assumptions further discussed in Note 4.

(h) Loss per Share

Basic loss per Share is calculated by dividing the Company's net loss by the weighted average number of Shares outstanding and reduced by any Shares held in escrow during the reporting period. Diluted loss per Share is calculated by dividing the Company's net loss by the sum of the weighted average number of Shares issued and outstanding assuming all additional Shares that would have been outstanding if potentially dilutive instruments were converted, and reduced by any Shares held in escrow.

(i) Income taxes

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible, as the case may be. Current tax is calculated using tax rates and laws that were enacted or substantively enacted as at the end of the reporting period, adjusted for amendments, if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred tax is calculated based on all temporary differences at the consolidated statements of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, as applicable, based on the tax rates that have been enacted or substantively enacted at the reporting date.

(j) Treasury shares

The Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of loss and comprehensive loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in capital reserves.

(k) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statements of loss and comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the asset associated with the contract.

(l) Foreign currency transactions

Transactions and balances

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the relevant functional currency using the exchange rate in effect at that date. At the reporting period end date, monetary assets and liabilities are translated into the relevant functional currency using the exchange rate in effect at that date and the related translation differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the relevant functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

(m) Accounting standards adopted effective January 1, 2019

IFRS 16 – Leases ("IFRS 16")

The Company adopted IFRS 16 effective January 1, 2019. This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The new standard supersedes the requirements in IAS 17 – *Leases*, IFRIC 4 – *Determining whether an Arrangement contains a Lease*, SIC-15 – *Operating Leases – Incentives* and SIC-27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The features of the new standard can be summarized as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the consolidated statements of loss and comprehensive loss.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of 12 months or less and leases of low-value assets. The Company has applied IFRS 16 using the modified retrospective approach and, accordingly, the comparative information has not been restated. Adoption of IFRS 16 had no impact on the Company as the Company did not have any leases that required recognition.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make certain judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting years. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

(a) Estimates

Share-based payments

In estimating the fair value of stock options using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future share price, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used could result in materially different results.

Leases

As more fully described in Note 3(m), on January 1, 2019, the Company adopted IFRS 16. Under IFRS 16, the Company assesses whether a contract contains a lease and, if so, recognizes a lease liability by discounting the future lease payments over the non-cancelable term of the lease, using the Company's estimated incremental borrowing rate. Differences in the estimated incremental borrowing rate could result in materially different lease liabilities and right-of-use assets.

Recoverability of receivables

Provisions are made against accounts that, in management's estimation, may be uncollectible. The recoverability assessment of trade and other receivables is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers, these provisions could vary significantly and affect future results of operations.

(b) Judgments

Treatment of development costs

Costs to develop products are capitalized to the extent that the criteria are met for recognition as intangible assets in accordance with IAS 38. Such criteria require that the product is technically and economically feasible, the Company has the intention and ability to use the asset, and that the asset will generate future benefits to the Company. Management assessed the capitalization of development costs based on the attributes of each development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is technically and economically feasible. The Company has not capitalized any development costs as at December 31, 2019.

Going concern

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.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

(In Canadian dollars, except where otherwise indicated)

6. REVERSE TAKE-OVER TRANSACTION

On May 17, 2019, High Mountain Capital Corporation ("High Mountain"), Subco and the Private Company entered into the Amalgamation Agreement pursuant to which, among other things, the Private Company amalgamated with Subco to form 5021780 Ontario Inc., a wholly-owned subsidiary of the Company, and each shareholder of the Private Company received 0.473538 Shares for every one share of the Private Company held. Immediately prior to the Transaction, the Company effected a consolidation of the Shares on a 50-to-1 basis.

As part of the Transaction, the Company changed its name from "High Mountain Capital Corporation" to "Facedrive Inc.". The Transaction was completed on September 16, 2019 and the Shares resumed trading on the TSX-V under the trading symbol "FD" on September 19, 2019. The Transaction resulted in the issuance of 8,886,578 Shares and constituted a "reverse take-over" of the Company as the former Private Company shareholders acquired a majority of the outstanding Shares. All Share numbers in this paragraph are presented on a pre-Forward Split basis.

For accounting purposes, the acquiring company is the Private Company and the Company is considered the acquired company. Since the Company's operations do not constitute a business, the acquisition of the Company is not considered a business combination pursuant to IFRS 3 – *Business Combinations*. The Transaction is treated as a "reverse take-over" of the Company by the Private Company and accounted for under IFRS 2 – *Share-based Payment*. Accordingly, the acquisition of the Company is accounted for at the fair value of the equity instrument of the Company granted to shareholders of the Company along with directly attributable transaction costs. The difference between the net assets acquired and the fair value of the consideration granted is treated as a listing expense. The Transaction has been accounted for as a continuation of the business and operations of the Private Company.

The following summarizes the Transaction and the assets and liabilities assumed:

Consideration:		
Fair value of High Mountain shares issued (1,298,750 common shares at $1.584 per share)	$	2,056,989
Fair value of share purchase options and warrants		49,414
Transaction expenses		522,852
Total consideration		2,629,255
Fair value of net assets of High Mountain:		
Cash and cash equivalents		253,053
Prepaid expenses		4,266
Accounts payable and accrued liabilities		(4,116)
Total net assets		253,203
Listing expense	$	2,376,052

(In Canadian dollars, except where otherwise indicated)

7. REVENUE

Revenue consists of:

As at December 31,		**2019**		**2018**
Gross fees from rides	$	1,386,798	$	58,541
Payouts to drivers		(1,037,694)		(44,962)
		349,104		13,579
Licence fees		250,000		-
Revenue	**$**	**599,104**	**$**	**13,579**

8. COST OF REVENUE

Cost of revenue consists of:

As at December 31,		**2019**		**2018**
Driver onboarding expenses	$	62,627	$	28,665
Insurance expenses		80,135		20,000
Payment processing fees		107,655		4,742
Other credit card expenses		20,145		-
	$	**270,562**	**$**	**53,407**

9. GENERAL AND ADMINISTRATION

General and administration expense consists of:

As at December 31,		**2019**		**2018**
Professional fees	$	367,831		31,826
Shared based compensation		392,839		-
Other general and administration expenses		88,139		8,233
	$	**848,809**	**$**	**40,059**

10. OPERATIONAL SUPPORT

Operational support expenses consist of:

As at December 31,		**2019**		**2018**
Consulting Fees	$	766,206		286,285
Rent		62,969		-
Salaries and benefits		331,944		65,314
Shared-based compensation		96,916		-
Telephone, internet and data		173,281		1,996
Other operational support expenses		111,437		63,860
	$	**1,542,753**	**$**	**417,455**

(In Canadian dollars, except where otherwise indicated)

11. RESEARCH AND DEVELOPMENT

Research and development expenses consist of:

As at December 31,		**2019**		**2018**
Consulting fees	$	917,177	$	383,333
	$	**917,177**	**$**	**383,333**

12. SALES AND MARKETING

Sales and marketing expenses consist of:

As at December 31,		**2019**		**2018**
Consulting fees	$	481,630	$	1,024,922
Incentives to Drivers and marketing expenses		1,078,339		27,952
	$	**1,559,969**	**$**	**1,052,874**

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at banks in the amount of $3,790,894 as at December 31, 2019 (2018 - $9,014).

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

As at December 31,		**2019**		**2018**
Trade receivables	$	52,000	$	7,076
HST receivable		375,341		119,407
Other receivables		745		-
	$	**428,086**	**$**	**126,483**

15. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits consist of:

As at December 31,		**2019**		**2018**
Prepaid insurance	$	80,125	$	27,500
Prepaid licences		49,238		37,500
Other deposits		5,000		-
	$	**134,363**	**$**	**65,000**

(In Canadian dollars, except where otherwise indicated)

16. PROMISSORY NOTE RECEIVABLE

On October 21, 2019, the Company completed a transaction with Westbrook Global Inc. ("Westbrook") whereby the Company purchased a US$1,000,000, 3.00% unsecured convertible promissory note of Westbrook, due December 31, 2022 (the "Note"). Under the terms of the Note, if Westbrook issues and sells shares of its common or preferred stock for aggregate gross proceeds of at least US$10,000,000 (a "Qualified Financing") with the principal purpose of raising capital, the outstanding principal amount of the Note and all accrued and unpaid interest thereunder shall automatically convert into shares of the common or preferred stock issued in such Qualified Financing at the Conversion Price (as defined below). If Westbrook issues and sells shares of its common or preferred stock with the principal purpose of raising capital, that does not constitute a Qualified Financing (a "Non-Qualified Financing"), the outstanding principal amount of the Note and all accrued and unpaid interest thereunder shall be convertible, at the Company's option, into shares of Westbrooks' common or preferred stock issued in the Non-Qualified Financing at the Conversion Price. The "Conversion Price" is a price per share equal to the lesser of: (i) 85% of the price per share paid by the other purchasers of the common or preferred stock sold in the Qualified Financing or Non-Qualified Financing, as applicable; and (ii) an amount obtained by dividing US$300,000,000 by the fully diluted capitalization of Westbrook. The outstanding principal amount of the Note is also convertible, at the Company's option, in the event of a change of control of Westbrook into shares of class A common stock of Westbrook at a price per share equal to 85% of the per share consideration payable to the holders of class A common stock of Westbrook in such change of control transaction.

As the cash flows of the Note do not consist of payments that are solely principal and interest, the Note is classified as FVTPL and adjusted to fair value every reporting period.

Interest receivable as at December 31, 2019 was $7,686 (December 31, 2018 - $Nil). Interest income as at December 31, 2019 was $7,686 (December 31, 2018 - $Nil).

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

As at December 31,		**2019**		**2018**
Trade payables	$	170,096	$	11,594
Accrued liabilities and other payables		107,932		46,570
Payroll liabilities and source deductions		13,342		1,538
Related party liabilities (Note 21)		455,523		436,626
	$	**746,893**	**$**	**496,328**

The terms and conditions of the above financial liabilities are as follows:

- trade payables are non-interest bearing;
- accrued liabilities are non-interest bearing; and
- related party liabilities are non-interest bearing and have no specified terms of repayment.

18. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Fair Values

The Company uses various methods to estimate the fair values of assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated statements of financial position after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, promissory note receivable (see Note 16), accounts payable and accrued liabilities, amounts due to related parties and lease liability. Cash and cash equivalents and promissory note receivable are measured at FVTPL on a recurring basis using level 1 and level 2 inputs, respectively. The carrying value of the Company's remaining financial instruments, with the exception of the long-term portion of amounts due to related parties and lease liability, approximate their fair values due to their short-term maturities. The fair value of the long-term balance of amounts due to related parties and lease liability approximate its carrying value, due to minimal changes in interest rates and the Company's credit risk.

19. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at December 31, 2019, the Company had 90,164,530 (2018 - 66,034,871) Shares issued and outstanding and no preferred shares issued and outstanding.

As at December 31, 2019, the Company had 84,355,691 Shares subject to contractual lock-up restrictions which will be released on a rolling basis between March 16, 2021 and September 16, 2022.

Except where otherwise indicated, all historical Share numbers and per Share amounts have been adjusted on a retroactive basis to reflect the following share capital reorganizations (together, the "Share Capital Adjustments"):

- 0.473538 Shares issued on September 16, 2019 in connection with the Transaction in exchange for each outstanding Class A Common Share and Class B Common Share of the Private Company (see Note 1 and Note 6); and
- The Forward Split completed on October 9, 2019 (see Note 1).

Share capital transactions during the year ended December 31, 2019 consisted of the following:

- During the year ended December 31, 2019, the Company issued an aggregate of 20,163,770 Shares (4,258,131 Shares on a pre-Share Capital Adjustments basis) for aggregate gross cash proceeds of $3,055,001 at an average price of $0.15 per Share.
- On May 6, 2019, the Company repurchased and immediately cancelled 1,420,614 Shares (300,000 Shares on a pre-Share Capital Adjustments basis) at an aggregate purchase price of $281,827, or $0.20 per Share.
- On September 1, 2019, the Company cancelled 340,947 Shares (72,000 Shares on a pre-Share Capital Adjustments basis).
- On August 27, 2019, the Company completed a non-brokered private placement of subscription receipts, issuing 4,428,700 subscription receipts (935,334 subscription receipts on a pre-Share Capital Adjustments basis) for aggregate cash proceeds of $7,015,005, or $1.58 per subscription receipt. Each subscription receipt was automatically exchanged for Shares on a one-for-one basis upon completion of the Transaction.
- On September 16, 2019, pursuant to the Transaction (see Note 6), the Company issued 1,298,750 Shares (129,875 Shares on a pre-Share Capital Adjustments basis) to certain former shareholders of High Mountain in exchange for each of the 6,493,750 issued and outstanding common shares of High Mountain. The Shares were valued at an aggregate of $2,056,989, or $1.58 per Share.

Share capital transactions during the year ended December 31, 2018 consisted of the following:

- During the year ended December 31, 2018, the Company issued an aggregate of 22,430,760 Shares (4,736,846 Shares on a pre-Share Capital Adjustments basis) for aggregate gross cash proceeds of $442,370, or $0.02 per Share.
- During the year ended December 31, 2018, the Company issued 1,923,380 Shares (406,174 Shares on a pre-Share Capital Adjustments basis) as consideration for certain advertising and promotional services received from an arm's length third party. As the fair value of the services received could not be reliably measured, the transaction was measured with reference to the fair value of the equity instruments granted and was recorded at $739,278, or $0.38 per Share.

20. OPTIONS, WARRANTS AND RESTRICTED SHARE UNITS

(a) Options

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options (each, an "Option") from time to time to acquire Shares. The exercise price of each Option shall be determined by the Board of Directors (but must be at least equal to the closing price of a Share on the TSX-V on the day immediately prior to the relevant grant date). Options may be granted for a maximum term of ten years from the date of grant. Options are non-transferable and expire immediately upon termination of employment for cause, or within 30 days of termination of employment or holding office as director or officer of the Company or in the case of death. Unless otherwise provided in the applicable grant agreement, Options fully vest upon the grant thereof.

(In Canadian dollars, except where otherwise indicated)

Continuity of the Options issued and outstanding are as follows:

	Number of options		Weighted average exercise price
Outstanding, December 31, 2017 and 2018	**-**	$	**-**
Granted	1,182,304		1.44
Exercised	-		-
Outstanding, December 31, 2019	**1,182,304**	**$**	**1.44**
Exercisable, December 31, 2019	**146,616**	**$**	**0.42**

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

Number of options		Exercise price	Expiry date	Remaining contractual life (years)
165,088	$	0.40	February 2, 2020	0.09
165,088		0.40	February 2, 2021	1.09
165,088		0.40	February 2, 2022	2.09
362,320		1.90	September 26, 2024	4.74
181,160		2.21	September 26, 2024	4.74
120,760		3.31	September 26, 2024	4.74
22,800		0.50	May 30, 2028	8.42
1,182,304				

The weighted average remaining contractual life of Options outstanding as at December 31, 2019 was 3.28 years.

Share-based payments expense for Options is measured at fair value and recognized over the vesting period of the Options from the date of grant. The grant date fair value of the Options granted in the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions: Share price of $1.27; expected volatility of 130% based on the average volatility of comparable companies; risk-free interest rate of 1.57%; expected dividend yield of 0%; and an expected life of 3.82 years.

During the year ended December 31, 2019, the Company recognized $330,670 (2018 - $Nil) in share-based payment expense for Options, $45,505 of which was recorded as transaction costs in connection with the Transaction (see Note 6).

(b) Warrants

The Company issued an aggregate of 2,450 common share purchase warrants (“Warrants”) in connection with the Transaction (see Note 6). The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of $0.50 per Warrant. If unexercised, the Warrants will expire on May 30, 2020.

(In Canadian dollars, except where otherwise indicated)

Continuity of the Company's Warrants issued and outstanding are as follows:

	Number of warrants		Weighted average exercise price
Outstanding, December 31, 2017 and 2018	**-**	$	**-**
Granted	2,450		0.50
Exercised	-		-
Outstanding, December 31, 2019	**2,450**	**$**	**0.50**
Exercisable, December 31, 2019	**2,450**	**$**	**0.50**

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

Number of warrants		Exercise price	Expiry date	Remaining contractual life (years)
2,450	$	0.50	May 30, 2020	0.41
2,450				

The weighted average remaining contractual life of Warrants outstanding as at December 31, 2019 was 0.41 years.

The warrants were recorded as transaction costs and measured at fair value of $3,909 on the date of grant. The grant date fair value of the Warrants granted in the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions: Share price of $2.05; expected volatility of 130% based on the average volatility of comparable companies; risk-free interest rate of 1.63%; expected dividend yield of 0%; and an expected life of 0.70 years.

(c) Restricted Share Units

Under the Company's performance and restricted share unit plan, the Company may grant restricted share units ("RSUs") or performance share units ("PSUs") to directors, officers, employees and consultants of the Company. The RSUs generally vest over a period of three years, in three equal tranches on the first, second and third anniversaries of the applicable grant date. The RSUs are valued at the market price of the underlying Share on the grant date and the compensation expense, based on the estimated number of awards expected to vest, is recognized over the vesting period of each tranche. Upon vesting of each RSU, the participant will receive a Share. The Company has no PSUs outstanding.

(In Canadian dollars, except where otherwise indicated)

Continuity of the Company's RSUs issued and outstanding was as follows:

	Number of RSUs		Weighted average grant date fair value
Outstanding, December 31, 2017 and 2018	**-**	$	**-**
Granted	1,754,681		0.67
Vested	-		-
Forfeited/cancelled	(927,291)		0.38
Outstanding, December 31, 2019	**827,390**	**$**	**0.99**

During the year ended December 31, 2019, the Company recognized $204,590 (2018 - $Nil) in share-based payment expense in respect of RSUs. During the year ended December 31, 2019, the Private Company initially recognized $46,514 in share-based payment expense for RSUs granted to the former President of the Private Company. The former President resigned in June 2019, the RSUs were forfeited in connection therewith, and the related share-based payment expense was reversed for unvested instruments.

21. RELATED PARTY DISCLOSURES

Related Party Transactions

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. Total share-based compensation paid to the Board of Directors and key management personnel of the Company was $489,755 for the year ended December 31, 2019 (2018 - $Nil). There were no short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits paid to the directors and key management personnel of the Company or the Private Company for the years ended December 31, 2019 and 2018. During the year ended December 31, 2019, the Private Company's former President was granted RSUs with a fair value of $46,514. The former President resigned from the Private Company in June 2019, the RSUs were forfeited in connection therewith, and the related share-based payment expense was reversed for unvested instruments.

Terms and conditions of transactions with related parties

- As at December 31, 2019, $12,155 (2018 - $356,378) was due to Connex Telecommunications Inc. ("Connex"), a related company controlled by our Chairman and Chief Executive Officer. This amount results from the rental of office space leased to the Company by Connex, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The balance as at December 31, 2018 was due as a result of Connex making payments for certain expenses on the Company's behalf, and is included in amounts due to related parties. The total expenses charged to the Company for the office space for the year ended December 31, 2019 was $50,000 (2018 - $Nil), which were included in operational support expenses. In March 2019, the Company issued 7,399,030 Shares to Connex (1,562,500 Shares on a pre-Share Capital Adjustments basis) at an average price of $0.10 per Share. The Shares were issued to Connex as consideration for payments of expenses made by Connex on behalf of the

Company (see Note 19).

- As at December 31, 2019, $443,368 (2018 - $436,626) was due to Dynalync 2000 Inc., a related company controlled by our Chairman and Chief Executive Officer. The amount owing is a result of the related company providing consulting and product development services to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The total expenses charged to the Company for the year ended December 31, 2019 were $1,266,700 (2018 - $567,600), which were included in research and development in the amount of $739,000 (2018 – $383,300) and operational support expenses in the amount of $527,700 (2018 - $184,300).
- As at December 31, 2019, $Nil (2018 - $36,600) was due to DependableIT Group Inc., a related company controlled by our Chairman and Chief Executive Officer. These amounts were due as a result of the related company making certain payments on the Company's behalf for which the Company was responsible for reimbursement.
- As at December 31, 2019, $334,028 (2018 - $334,028) was due to the initial founders of the Company. These amounts were due as a result of the founders making certain payments on the Company's behalf. The balance owing is unsecured, non-interest bearing and is not repayable within the next 12 months.

All amounts outstanding to related parties are unsecured and non-interesting bearing. There have been no guarantees provided or received for any related party receivables or payables. All transactions with related parties are carried out in the normal course of operations and are recorded at their exchange amounts as agreed upon by transacting parties.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's primary risk management objective is to protect the Company's balance sheet and cash flow. The Company's principal financial liabilities are comprised of accounts payable and accrued liabilities and amounts due to related parties. The main purpose of these financial liabilities is working capital for the Company's operations. During the normal course of operations, the Company may become exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2019, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents denominated in United States dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at December 31, 2019, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately $300 in the Company's consolidated statements of loss and comprehensive loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2019, the Company is not exposed to significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Examples include changes in commodity prices or equity prices. As at December 31, 2019, the Company is not exposed to significant other price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents, trade and other receivables and promissory note receivable (see Note 16). The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company's HST receivable has minimal credit risk as it is collectable from government institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes passengers' pre-authorized credit cards. The Company mitigates exposure to credit risk from its promissory note receivable by performing due diligence on investment opportunities. As payments from passengers are pre-authorized, the risk of credit loss is expected to be minimal. As at December 31, 2019, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows in order to ensure that the Company has appropriate capital capacity.

Capital management

The Company manages its capital, which consists exclusively of equity, with the primary objective being safeguarding sufficient working capital to sustain operations. The Company may require additional funds in order to fulfill all of its future expenditure requirements or obligations, in which case the Company may raise additional funds either through the issuance of equity or by incurring debt to satisfy such requirements or obligations. There is no assurance that any additional funding required by the Company will be available to the Company on terms acceptable to the Company or at all.

There have been no changes in the Company's approach to capital management during the year ended December 31, 2019, nor have there been any changes made in the objectives, policies, or processes of the Company in respect of capital management during the year ended December 31, 2019. The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

The Company's primary objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns to its shareholders and benefits for other stakeholders;
- fund capital projects for facilitation of business expansion provided there is sufficient liquidly of capital to enable the internal financing; and
- maintain a capital base to maintain investor, creditor, and market confidence.

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company manages its capital structure and makes adjustments thereto as is necessary from time to time in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new Shares from treasury. The Company is not subject to externally imposed capital requirements.

23. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Legal claim contingency

The Company may from time to time become subject to a variety of claims and lawsuits that arise from time to time in the ordinary course of the Company's business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

In March 2020, the Company was involved in a legal dispute regarding a claim brought by an individual against the Company, its Board of Directors and its officers in the Ontario Superior Court of Justice. The claim relates to an alleged breach of contract with alleged damages equal to the consideration that the claimant alleges is owed, as well as claims for certain other damages. The claimant alleges that he was entitled to receive 72,000 Shares on a pre-Share Capital Adjustments basis in consideration for services claimed to have been provided by the claimant to the Company. The Company is of the view that the claim is without merit and intends to defend the action. As the claim is in the preliminary stages, management is of the view that it would be premature to provide guidance as to the outcome of the claim or an estimate of any damages payable.

(In Canadian dollars, except where otherwise indicated)

Guarantees

The Company indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Company and maintains liability insurance for its directors and officers.

24. LEASES

During the year ended December 31, 2019, the Company entered into an office lease agreement which commenced on October 1, 2019.

Right-of-use assets

		Office space
As at December 31, 2018	$	-
Additions		198,755
Depreciation		(16,563)
As at December 31, 2019	$	182,192

Lease liability

At December 31, 2019, the Company's lease liability is as follows:

Lease liability		2019
Current portion	$	53,947
Long-term portion		138,010
Total lease liability	$	191,957

At December 31, 2019, the Company is committed to minimum lease payments as follows:

Lease commitments		2019
Less than one year	$	53,947
One to five years		167,473
Total undiscounted lease commitments	$	221,420

Amounts recognized in the Consolidated Statements of Loss and Comprehensive Loss

During the year ended December 31,		2019
Interest on lease liabilities	$	4,421
Expenses relating to short-term leases		50,000
Expenses relating to variable lease payments not included in lease liabilities	$	12,969

(In Canadian dollars, except where otherwise indicated)

Amounts recognized in the Consolidated Statements of Cash Flows

During the year ended December 31,		**2019**
Interest paid	$	4,421
Payment of lease liabilities		6,799
Short-term lease payments		50,000
Expenses relating to variable lease payments not included in lease liabilities		12,969
Total cash outflows for leases	$	74,189

25. INCOME TAXES

Income tax expense

The following table reconciles the expected income tax expense at Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2019 and 2018:

During the year ended December 31,		**2019**		**2018**
Net loss before taxes	$	(6,942,357)	$	(1,933,548)
Statutory tax rate		26.5%		26.5%
Expected income tax recovery	$	(1,840,000)	$	(512,000)
Non-deductible items		613,000		-
Other		122,000		-
Change in deferred tax assets not recognized		1,105,000		512,000
Total income tax recovery	$	-	$	-

Deferred tax assets and liabilities

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at December 31, 2019 and 2018 were as follows:

As at December 31,		**2019**		**2018**
Right-of-use asset	$	(48,000)	$	-
Lease liability		51,000		-
Share issue costs		17,000		-
Tax loss carry-forwards		1,886,000		801,000
		1,906,000		801,000
Unrecognized deferred tax asset		(1,906,000)		(801,000)
Net deferred tax asset	$	-	$	-

(In Canadian dollars, except where otherwise indicated)

The Company did not recognize deferred tax assets for the following deductible temporary differences because it is not probable that they would be utilized.

As at December 31,		2019		2018
Right-of-use asset	$	(182,000)	$	-
Lease liability		192,000		-
Share issue costs		63,000		-
Tax loss carry-forwards		7,120,000		3,021,000
Unrecognized deductible temporary differences	$	7,193,000	$	3,021,000

As at December 31, 2019, the Company had non-capital tax loss carry-forwards in Canada of $7,120,000 which can be applied to reduce future Canadian taxable income and will expire between 2036 and 2039.

26. SUBSEQUENT EVENTS

On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of $2.77 per Share for aggregate gross proceeds of $1,000,000. All Shares issued are subject to a four-month statutory hold period from the date of issuance, as well as contractual lock-up and escrow restrictions from the date of issuance. The net proceeds from the private placement are intended to be used for business development, market expansion and driver and rider acquisition purposes.

On March 20, 2020, the Company announced that it had entered into a share exchange agreement (the "Acquisition Agreement") to acquire all of the issued and outstanding common shares of HiRide Share Ltd ("HiRide"), a socially responsible ride-sharing and car-pooling business (the "Acquisition"). The Acquisition closed following the close of business on March 31, 2020. In consideration for the Acquisition, shareholders of HiRide received on closing of the Acquisition an aggregate of $1,000,000, payable in Shares at a price per Share equal to $3.76 (calculated as the 30 day volume weighted average trading price of the Shares on the TSX-V ending four trading days prior to the date of entering into the Acquisition Agreement). In connection with the Acquisition, the shareholders of HiRide may be entitled to receive future conditional payments of up to $2,500,000 (the "Conditional Payments") over the course of 2 years following closing of the Acquisition, which payments are contingent upon the achievement of certain financial, technical and business development milestones as set out in the share exchange agreement. The Conditional Payments, if any, will be payable in Shares or a combination of cash and Shares. There are no finder's fees payable in connection with the Acquisition. All Shares issued are subject to a four-month statutory hold period from the date of issuance, as well as contractual lock-up and escrow restrictions from the date of issuance.

On January 30, 2020, the World Health Organization ("WHO") declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. Over a week later, on February 11, 2020, the WHO then announced a name for this new disease called the coronavirus ("COVID-19"), and on March 11, 2020, the WHO declared COVID-19 to be a global pandemic and a world-wide health concern to all of humanity. As a result, governing countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

The Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting the community to stay inside their homes. Due to these measures taken, many businesses were forced to lay off staff; postpone contracts and work; request financial relief and defer payments to their financial lenders, landlords and stakeholders; and to close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID-19 conditions will last and what economic impact they will have on the Company's business, financial results, cash flows and its ability to continue as a going concern.