CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Pool Safe Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

POOL SAFE INC.

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

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Pool Safe Inc.
Consolidated Interim Condensed Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

AS AT	Note	March 31, 2018 (unaudited)	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents		$ 69,744	$ 68,003
Prepaids and other receivables	5	125,760	63,577
Inventory	6	84,701	107,981
		280,205	239,561
Patent design and costs	8	176,433	179,788
Equipment	7	146,925	149,928
Revenue share assets	9	93,191	71,771
TOTAL ASSETS		$ 696,754	$ 641,048
LIABILITIES AND EQUITY			
Current			
Trade payables and other liabilities	10	$ 152,480	$ 200,086
Current portion of long-term debt	11	17,838	31,857
Total current liabilities		170,318	231,943
Long-term debt	11	251,860	-
Total liabilities		422,178	231,943
Going concern	2(a)		
Guarantee	11		
Commitments and contingencies	14		
Subsequent event	19		
Shareholders' Equity			
Share capital		2,310,674	2,310,674
Warrants		93,917	93,917
Convertible debt warrants		18,261	-
Reserves		235,438	200,142
Accumulated deficit		(2,383,714)	(2,195,628)
Total equity		274,576	409,105
TOTAL LIABILITIES AND EQUITY		$ 696,754	$ 641,048

These financial statements are approved on behalf of the Board of Directors:

(Signed) *"David Berger"*
Director

(Signed) *"Steven Glaser"*
Director

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.
Consolidated Interim Condensed Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months ended March 31, 2018	2017
Revenue		$ 90,816	$ 34,766
Cost of Sales		71,386	20,351
Gross Profit		19,430	14,415
Expenses			
Selling, general and administrative		129,825	30,035
Stock-based compensation		35,296	-
Professional fees		22,015	2,763
Regulatory fees		986	-
Advertising and promotion		17,732	63
Depreciation		529	477
Foreign exchange		685	258
Interest on loan payable		448	1,173
		207,516	34,768
Net and comprehensive loss		$ (188,086)	$ (20,353)
Weighted average number of outstanding shares, basic	16	54,309,763	39,765,908
Basic loss per share	16	$ (0.00)	$ (0.00)
Weighted average number of outstanding shares, diluted	16	54,309,763	39,765,908
Diluted loss per share	16	$ (0.00)	$ (0.00)

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.

Consolidated Interim Condensed Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Number of shares	Share capital	Warrants	Convertible Debt Warrant	Share-based payments reserve	Accumulated deficit	Total
Balance at December 31, 2016		39,765,908	$ 980,470	$	$ -	$ -	$ (923,360)	$ 57,110
Net loss		-	-	-	-	-	(20,353)	(20,353)
Balance at March 31, 2017		39,765,908	980,470	-	-	-	(943,713)	36,757
Units issued via private placement - April 18, 2017		11,052,040	969,785	93,917	-	-	-	1,063,702
Shares issued to acquire public listing - April 18, 2017		1,786,923	184,443	-	-	-	-	184,443
Shares issued to repay debt - April 18, 2017		1,704,892	175,976	-	-	-	-	175,976
Stock-based compensation		-	-	-	-	200,142	-	200,142
Net loss		-	-	-	-	-	(1,251,915)	(1,251,9158)
Balance at December 31, 2017		54,309,763	2,310,674	93,917	-	200,142	(2,195,628)	409,105
Convertible debt warrant		-	-	-	18,261	-	-	18,261
Stock-based compensation		-	-	-	-	35,296	-	35,296
Net loss		-	-	-	-	-	(186,086)	(186,086)
Balance at March 31, 2018		54,309,763	$ 2,310,674	$ 93,917	$ 18,261	$ 235,438	$ (2,383,714)	$ 274,576

The accompanying notes are an integral part of these financial statements

Pool Safe Inc.
Consolidated Interim Condensed Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months ended March 31, 2018	2017
Operating activities			
Net loss		$ (188,086)	$ (20,353)
Items not affecting cash:			
Disposal of revenue share assets		19,616	-
Stock-based compensation		35,296	-
Depreciation		9,947	13,555
		(123,227)	(6,798)
Net changes in non-cash working capital:			
Decrease (increase) in prepaids and other receivables		(62,183)	10,677
Decrease (increase) in inventory		23,280	(2,004)
Increase (decrease) in trade payables and other liabilities		(47,606)	(6,052)
Cash flows used in operating activities		(209,736)	(4,177)
Investing activities			
Revenue share assets		(44,625)	-
Purchase of patent and design costs, net of tax credits	7	-	-
Cash flows used in investing activities		-	-
Financing activities			
Repayment of long-term debt		(14,019)	(14,019)
Proceeds from long-term debt		251,860	10,000
Proceeds from issuance of convertible warrants		18,261	-
Cash flows provided by (used in) financing activities		256,102	(4,019)
Net change in cash		1,741	(8,196)
Cash - beginning of period		68,003	10,751
Cash - end of period		$ 69,744	$ 2,555

The accompanying notes are an integral part of these financial statements

1. Nature of business

Pool Safe Inc. ("Pool Safe" or the "Company"), was incorporated under the Business Corporations Act (Ontario) on October 27, 2011. The PoolSafe is an exclusive product which offers security, convenience and guest services all bundled in one product. Pool Safe's head office located at 401 Magnetic Drive, Unit 14, Toronto, Ontario, M3J 3H9.

Effective December 31, 2016, the financial year end of the Company changed from June 30 of each year to December 31.

2. Basis of presentation

(a) Going concern
These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity or debt financing or through the sale of its products to at a profit. Since inception the Company has incurred losses which as of March 31, 2018 totaled $2,383,714 (December 31, 2017 - $2,195,628). In addition, the Company had working capital in the amount of $7,618 at December 31, 2017. There are no assurances that the Company will be successful in achieving these goals. These circumstances cast significant doubt on the Company’s ability to continue as going concern and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

(b) Statement of compliance
The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee ("IFRIC"). These consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The same accounting policies and methods of computation are followed in these consolidated interim condensed financial statements as compared with the most recent annual consolidated financial statements as at and for the period ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2018 could result in restatement of these consolidated interim condensed financial statements.

The policies applied in these unaudited consolidated interim condensed financial statements are based on IFRS issued and outstanding as of May 28, 2018, the date the Board of Directors approved the statements.

(c) Basis of measurement
Apart from certain assets and liabilities measured at fair value as required under certain IFRS's, the financial statements have been presented and prepared on the basis of historical cost.

(d) Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(e) Estimates and critical judgments by management
The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Items for which actual results may differ materially from these estimates are described in the following section.

(i) Useful lives of equipment
Depreciation of property, plant and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

(ii) Fair value of financial assets available for sale
Financial assets available for sale consist of privately held investments. Determination of the fair values of privately held investments requires the Company to make various assumptions about the future prospects of the investees, the economic, legal, and political environment in which the investees operate, and the ability of the investees to obtain financing to support their operations. As a result, any value estimated may not be realized or realizable, and the values may differ from values that would be realized if a ready market existed.

(iii) Income taxes
Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

(iv) Date of commencement of commercial production
The date noted as the date of the beginning of commercial production (June 1, 2015) reflects management's best estimate based on facts available.

3. New and revised standards and interpretations issued but not yeteffective

(a) IFRS 9 FINANCIAL INSTRUMENTS
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The effective date of this standard is January 1, 2018. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its financial statements.

(b) IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS
IFRS 15 was issued by IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this Standard on its financial statements.

(c) AMENDMENTS TO IAS 7
IAS 7 amendments include additional disclosures to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments become effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments as of the effective date. The Company is currently analyzing the possible impact of the amendments on its financial statements.

(d) IFRS 16 LEASES
IFRS 16 was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied to leases, with required recognition of assets and liabilities for most leases. This standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if the Company is also applying IFRS 15, Revenue from Contracts with Customers. The Company is currently evaluating the impact of the adoption of this new standard on its financial statements.

(Expressed in Canadian Dollars)

4. Acquisition of Pounder Venture Capital Corp.

On April 19, 2017, the Company completed qualifying transaction ("QT") with Pounder Venture Capital Corp. ("PVC") as announced November 29, 2016. The transaction was completed via the merger of a wholly-owned subsidiary of PVC ("PVC Subco") and the Company, which constituted a reverse takeover of PVC by the shareholders of the Company. The resulting company will continue to operate as Pool Safe Inc. and trade publicly on the TSX Venture under the symbol "POOL".

The completion consisted of a combination of the two companies, with the Company being the continuing entity, and a concurrent financing, as required by the TSX Venture Exchange.

The terms of the Transaction including the following:

i) The Company assumed the outstanding liabilities of PVC which were estimated to be $257,994. The Company issued 1,704,892 common shares to settle $192,994 of these assumed debts;

ii) All stock options of PVC were converted to 129,942 stock options of the Company at a deemed cost of $365. These stock options had an exercise price of $0.40 per share and an expiry date of April 18, 2018;

iii) The Company issued 1,786,923 common shares for all common shares of PVC;

iv) The Company incurred transaction costs of $17,083 related to this portion of the transaction.

The table below summarizes the fair value of the assets acquired and the liabilities assumed at the acquisition date, as well as the consideration paid:

Consideration:	
Common shares	$ 184,443
Stock options	365
Total Consideration	184,808
Liabilities Acquired:	
Accounts Payable	257,994
Transaction costs	17,083
Total Liabilities Acquired	275,077
Expense of public listing	$ 459,885

In conjunction with the RTO transaction, on April 19, 2017, the Company issued 11,052,040 units for cash proceeds of $1,251,250 (proceeds net of broker cash fees of $48,394, and legal and other costs of $139,154, were $1,063,702). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately $0.18 for a period until April 18, 2019. The net proceeds were allocated as $969,785 to common shares and $93,917 to warrants, based on a Black-Scholes valuation of the warrants

The Company's consolidated statements of comprehensive income include the result of operations for Pounder from its respective dates of acquisition.

5. Prepaids and other receivables

Prepaids and other receivable is comprised of:

	March 31, 2018	Dec. 31, 2017
Trade receivables	$ 70,622	$ 23,352
Taxes receivable	54,078	39,165
Prepaids and deposits	1,060	1,060
	$ 125,760	**$ 63,577**

(Expressed in Canadian Dollars)

The following table shows the aging of the Company's trade receivables:

	March 31, 2018	Dec. 31, 2017
1 to 60 days	$ 70,622	$ 20,447
61 days and older	-	2,905
	70,622	23,352
Allowance for bad debts	-	-
Accounts receivable	$ 70,622	$ 23,352

The Company considers all trade receivables to be collectable and has not made any allowance for doubtful accounts as at March 31, 2017 nor December 31, 2016.

6. Inventory

The following comprises inventory:

	March 31, 2018	Dec. 31, 2017
Raw materials	$ 86,641	$ 107,981
Finished goods	-	-
	$ 86,641	$ 107,981

There was no write-down of inventory during the periods ended March 31, 2018 nor December 31, 2017. During the period ended March 31, 2018, $42,352 (March 31, 2017 - $20,351) of inventory was expensed as cost of sales.

7. Equipment

March 31, 2018

Cost	Balance at Dec. 31, 2017	Additions	As at March 31, 2018
Furniture and equipment	$ 4,206	$ -	$ 4,206
Computer equipment	1,367	-	1,367
Manufacturing equipment tooling and moulds	204,764	-	204,764
Leasehold improvement	14,145	-	14,145
Equipment	$ 224,482	$ -	$ 224,482

Accumulated depreciation	Balance at Dec. 31, 2017	Additions	As at March 31, 2018
Furniture and equipment	$ 1,746	$ 123	$ 1,869
Computer equipment	638	55	693
Manufacturing equipment tooling and moulds	35,196	2,826	38,022
Leasehold improvement	7,114	351	7,465
	$ 44,694	$ 3,355	$ 48,049
Net book value	$ 179,788		$ 176,433

March 31, 2017

Cost	Balance at Dec. 31, 2016	Additions	As at March 31, 2017
Furniture and equipment	$ 3,096	$ -	$ 3,096
Computer equipment	1,367	-	1,367
Manufacturing equipment tooling and moulds	203,788	-	203,788
Leasehold improvement	5,730	-	5,730
Equipment	$ 213,981	$ -	$ 213,981

(Expressed in Canadian Dollars)

Accumulated depreciation	Balance at Dec. 31, 2016	Additions	As at March 31, 2017
Furniture and equipment	$ 853	$ 112	$ 965
Computer equipment	325	78	403
Manufacturing equipment tooling and moulds	21,512	3,396	24,908
Leasehold improvement	3,442	287	3,729
	$ 26,132	$ 3,873	$ 30,005
Net book value	$ 187,847		$ 183,974

8. Patent and design costs

	Balance at Dec. 31, 2017	Additions, net	As at March 31, 2018
Cost	$ 180,203	$ -	$ 180,203
Accumulated amortization	(30,275)	(3,003)	(33,278)
Carrying value	$ 149,928	$ (3,003)	$ 146,925

	Balance at Dec. 31, 2016	Additions, net	As at March 31, 2017
Cost	$ 180,203	$ -	$ 180,203
Accumulated amortization	(18,261)	(3,003)	(21,264)
Carrying value	$ 161,942	$ (3,003)	$ 158,939

The Company commenced amortization on June 1, 2015.

9. Revenue share assets

	Balance at Dec. 31, 2017	Disposals	Additions, net	As at March 31, 2018
Cost	$ 102,856	$ (30,328)	$ 44,625	$117,153
Accumulated amortization	(31,085)	10,712	(3,589)	(23,962)
Carrying value	$ 71,771	$ (19,616)	$ 41,036	$ 93,191

	Balance at Dec. 31, 2016	Disposals	Additions, net	As at March 31, 2017
Cost	$ 156,958	$ -	$ -	$ 156,958
Accumulated amortization	(23,379)	-	(6,679)	(30,058)
Carrying value	$ 133,579	$ -	$ (6,679)	$ 126,900

(Expressed in Canadian Dollars)

10. Trade payables and other liabilities

Trade payables and accrued liabilities are comprised as follows:

	March 31, 2018	Dec. 31, 2017
Trade payables	$ 142,230	$ 182,336
Accrued liabilities	10,250	17,750
	$ 152,480	$ 200,086

The following table shows the aging of the Corporation's trade payables:

	March 31, 2018	Dec. 31, 2017
Current	$ 36,552	$ 85,897
>60 days	105,678	96,439
	$ 142,230	$ 182,336

11. Long-term debt

Convertible debenture financing	$ 251,860
Less: Current portion of long-term debt	-
	$ 251,860

During 2018, the Company issued a $300,000 principal amount of unsecured convertible promissory note (the "Note"). The Note will bear interest at a rate of 10% per annum, calculated annually and matures on March 2, 2020. Each $0.11 of the principal amount of the Note is convertible into one Purchase Unit ("Unit"). Each Unit is exercisable to purchase one Common Share and one half Common Share warrant at a price of $0.11 per Common Share for a period of two years following the issuance of the Note. Each full warrant can be exercised for one Common Share at a price of $0.15 for a period of two years following the issuance of the Note. The securities issued in connection with the loan are subject to a statutory four month hold period from the date of issuance. The proceeds of the Financing will be used for general working capital purposes.

The debenture is classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debenture being less than face value. The equity portion of this debt totals $18,261. The discount is being accreted over the term of the debenture utilizing the effective interest rate method at a 17.5% discount rate. An amount of $nil was recorded as accretion expense on the consolidated statements of loss and comprehensive loss for the period ended March 31, 2018).

Bank loan bearing interest at the rate of prime plus 3.0% per annum, repayable in monthly principal repayments of $4,673 plus interest, secured by a general security agreement over all assets of the Company and a personal guarantee from the majority shareholders, amounting to 25% of the original loan balance. The loan matures on July 15, 2018.	17,838
Less: Current portion of long-term debt	(17,838)
	-

Principal repayments required in the next two years are as follows:

2018	$ 17,838
2019	-
2020	300,000
	$ 317,838

(Expressed in Canadian Dollars)

12. Share capital

(a) ***Authorized***

An unlimited amount of common shares without par value.

An unlimited number of voting class "A" shares.

(b) ***Issued common shares***

	Number	Amount
Balance at June 30, 2016	39,051,600	930,470
Issuance of shares for cash (i)	714,308	50,000
Balance at December 31, 2016	39,765,908	980,470
Issuance of shares for public company shell (ii)	1,786,923	184,443
Issuance of shares for debt (iii)	1,704,892	175,976
Issuance of units for cash (iv)	11,052,040	969,785
Balance at March 31, 2018 and December 31, 2017	54,309,763	$ 2,310,674

(i) During July 2016, the Company issued 714,308 common shares for net proceeds of $50,000.

(ii) During April 2017, the Company issued 1,786,923 common shares in exchange for all the shares of Pounder Venture Capital Corp., a publicly traded company (see Note 4). The share portion of units issued had a deemed value of $0.1032 each for a deemed exchange value of $184,443.

(iii) During April 2017, the Company issued 1,704,892 common shares in exchange for $192,994 of assumed liabilities of Pounder Venture Capital Corp., a publicly traded company (see Note 4). The Company recognized a again on settlement of $17,018 related to this settlement.

(iv) During April 2017, the Company issued 11,052,040 units for cash proceeds of $1,251,250 (proceeds net of broker cash fees of $48,394, and legal and other costs of $139,154, were $1,063,702). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately $0.18 for a period until April 18, 2019. The net proceeds were allocated as $969,785 to common shares and $93,917 to warrants (Note 12(c)), based on a Black-Scholes valuation of the warrants.

In addition, 427,476 broker units were issued. Each broker unit is exercisable into a unit of the Company at approximately $0.11 per broker unit. Each broker unit is comprised of one share and one-half share warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately $0.18 for a period until April 18, 2019.

(b) ***Warrants***

At March 31, 2018, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
Broker Units		
427,476	$0.11	April 18, 2019
Warrants		
5,526,020	$0.18	April 18, 2019
Warrants for Convertible Debt		
2,727,273	$0.11	March 2, 2020

Warrant transactions and the number of warrants outstanding are summarized as follows:

	March 31, 2018		December 31, 2017	
Balance, beginning of period	5,953,496	$0.17	—	
Issued	2,727,273	$0.11	5,953,496	$0.17
Exercised	—		—	
Expired	—		—	
Balance, end of period	8,680,769	$0.15	5,953,496	$0.17

(Expressed in Canadian Dollars)

The Company determined that the fair value of the warrant liability at April 18, 2017 related to the 5,526,020 warrants, using the Black-Scholes Options Pricing Mode, was $93,917. The Company determined that the fair value of the broker warrant liability at April 18, 2017 related to the 427,476 warrants, using the Black-Scholes Options Pricing Mode, was $13,806 using the following inputs; Dividend yield – Nil, interest rate of .62%, volatility of 85% and an expected life of 2 years.

(c) ***Stock options***

On April 19, 2017, the Company approved the 10% rolling stock option plan (the “Plan”). Pursuant to the Plan, the Company is entitled to grant options and reserve for issuance up to 10% of the shares issued and outstanding at the time of grant. The terms and conditions of any options granted, including the number and type of options, the exercise period, the exercise price and vesting provisions, are determined by the Compensation Committee which makes recommendations to the board of directors for their approval. The maximum term of options granted cannot exceed 10 years.

The TSXV’s rules require the Plan to be approved annually by shareholders.

At March 31, 2018, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
129,942	$0.40	April 18, 2018
100,000	$0.11	June 2, 2019
100,000	$0.11	July 27, 2019
4,100,000	$0.11	June 2, 2022

Stock option transactions and the number of stock options outstanding are summarized as follows:

	March 31, 2018		December 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	4,429,942	$ 0.12	-	
Granted	-		4,429,942	$ 0.12
Exercised	-		-	
Cancelled/Expired	-		-	
Outstanding, end of period	4,429,942	$ 0.12	4,429,942	$ 0.12
Exercisable, end of period	1,671,609	$ 0.13	1,646,609	$ 0.13

The aggregate intrinsic value for options vested and for total options as of March 31, 2018 is $nil (December 31, 2017- $nil). The weighted average contractual term of stock options outstanding and exercisable as at March 31, 2018 is 4.0 years (December 31, 2017 – 4.4 years).

The weighted average fair value of stock options granted, vested, and modified during the period was $35,296 (year ended December 31, 2017 - $200,142 of which $nil was incurred in the three-month period ended March 31, 2017) which has been included in general and administrative expense.

(Expressed in Canadian Dollars)

The following assumptions were used for the Black-Scholes valuation of stock options granted during the periods:

	Mar. 31, 2018	**Dec. 31, 2017**
Risk-free interest rate	-	0.5%
Expected life	-	0.8 to 4.0 years
Annualized volatility	-	85%
Dividend rate	-	-

13. Related party transactions

The following is a summary of the Company's related party transactions during the year:

(a) Key management compensation
Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	Mar. 31, 2018	Mar. 31, 2017
Short-term employee benefits, including salaries and fees	$ 67,308	$ 8,300
Stock-based compensation	-	-
Sub-contractors	-	3,150
	$ 67,308	$ 8,300

Loans of $140,000 plus interest of $6,292 were repaid to related parties in the second quarter of 2017.

14. Commitments and contingencies

(a) The following is a summary of the Company's operating lease obligations due in future fiscal years:

2018	$ 19,240
2019	16,033
	$ 35,273

(b) The Company is subject to a claim for damages related to an alleged breach of a non-disclosure document. The Company believes that the allegations contained in the statement of claim are without merit and plans to vigorously defend itself; accordingly, no provision for loss has been recognized.

15. Operating segment information

Management has determined that the Company’s operations have similar economic characteristics, and are similar in the nature of products and services, production processes, types and classes of customer, methods of distribution and regulatory environment and as such have aggregated its operating units into a single reportable segment. The Company undertakes its operations in the U.S. and has no significant assets located or revenues generated outside the U.S. Therefore, no segment reporting is included in these financial statements.

(Expressed in Canadian Dollars)

16. Earnings (loss) per share

Basic and diluted loss per share are calculated using the following numerators and denominators:

Numerators	Mar. 31, 2018	Mar. 31, 2017
Loss attributable to common shareholders	$ (168,470)	$ (20,353)
Loss used in the computation of basic and diluted earnings per share	(168,470)	(20,353)

Denominators	Mar. 31, 2018	Mar. 31, 2017
Weighted average number of common shares for computation of basic and diluted loss per share	54,309,763	39,765,908

17. Financial instruments

(a) Financial risks

(i) 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 policy is to review liquidity resources and ensure that sufficient funds are available to meet financial obligations as they become due. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise. The Company's funding is provided in the form of capital raised through the issuance of shares and long-term debt.

(ii) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's main credit risk relates to its accounts receivable. The accounts receivable are due from various government bodies; therefore, the company does not anticipate any significant loss for non-collection.

(iii) Market risk
(1) Price risk
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 factors affecting all similar financial instruments traded in the market. The company is not exposed to price risk

(2) Concentration risk
Concentration risk is the risk that any single investment or group thereof, has the potential to materially affect the operating results of the Company. The Company is not exposed to this risk.

It is management's opinion that the Company is not subject to significant interest rate risk.

(a) Fair value hierarchy
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - valuation techniques using the inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In these financial statements, classification of financial instruments measured at fair value is as follows:
Level 1 - cash;
Level 2 - none;
Level 3 - none.

During the year, there were no transfers of amounts between Level 1 and Level 2 and 3.

18. Capital management

The Company considers its capital to be its equity and debt as disclosed in Note 11. The Company's objectives when managing its capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future investments.

19. Subsequent events

i) Subsequent to March 31, 2018, the Company closed the initial tranche of a convertible debenture financing. The Company issued 125 $1,000 convertible debenture units for gross proceeds of $125,000. The debentures bear interest from the date of closing at 10% per annum, payable quarterly and will mature two years following the closing date. Each Debentures also allows the issuer to convert the principal of the debenture to shares of the Company at a price of $0.11 per share during the term of the debenture. Each Debentures also allows the issuer to purchase 4,545 common shares of the Company at a price of $0.15 per share for a period of two years from the date of the debenture.

ii) Subsequent to year end, 129,942 stock options expired unexercised.

iii) Subsequent to year end, 650,000 stock options were granted to a director and a consultant. The director received 500,000 stock options with a strike price of $0.11, vesting 33% immediately and 33% on the one-year and two-year anniversary of the grant, with a five-year term. The consultant received 150,000 stock options with a strike price of $0.11, vesting 25% on the quarterly anniversary of the grant, with a two-year term.

iv) Subsequent to March 31, 2018, the Company signed a financing agreement with Commercial Funding Group (“CFG”) which will enable the Company to build, deliver and install its Internet of Things (“IoT”) Connected PoolSafe product with revenue share partners around the world. The arrange is intended to provide up-front capital to leverage product placement.