PARKIT ENTERPRISE INC.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Parkit Enterprise Inc.

We have audited the accompanying consolidated financial statements of Parkit Enterprise Inc., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016 and the consolidated statements of operations, comprehensive income, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Parkit Enterprise Inc. as at October 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

February 26, 2018

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT OCTOBER 31		**2017**		**2016**
ASSETS				
Current				
Cash and cash equivalents (note 15)	$	2,200,195	$	1,552,160
Accounts receivable (note 4)		265,596		314,893
Prepaid expenses and deposits		11,430		23,895
		2,477,221		1,890,948
Long-term receivable (note 5)		1,261,965		1,554,295
Investment in associate (note 6**)**		1,146,054		2,985,393
Investment in joint ventures (note 7)		12,508,779		10,583,266
Equipment (note 8)		-		14,554
	$	**17,394,019**	**$**	**17,028,456**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	9,252	$	272,890
Equity (note 9)				
Share capital		22,807,373		22,785,248
Reserves		467,005		367,154
Deficit		(5,889,611)		(6,396,836)
		17,384,767		16,755,566
	$	**17,394,019**	**$**	**17,028,456**

Commitments and contingencies (notes 7 and 14)

Approved and authorized by the Board on February 26, 2018:

"Pesach Goldman" Director *"Bryan Wallner"* Director

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

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED OCTOBER 31		**2017**		**2016**
Fee income	$	227,867	$	258,405
Share of profit from associate (note 6)		504,316		1,006,162
Share of profit from joint ventures (note 7)		833,993		1,122,447
General and administrative expenses (note 10)		(906,566)		(1,882,564)
		659,610		**504,450**
Foreign exchange (loss) gain		(132,724)		63,485
Finance income		3,243		1,875
Loss on disposal of equipment (note 8)		(12,054)		-
Income before tax		**518,075**		**569,810**
Income tax (expense) recovery (note 11)		(60,777)		46,050
NET INCOME FOR THE YEAR	**$**	**457,298**	**$**	**615,860**
Earnings per share attributable to shareholders of the Company:				
Basic	$	0.01	$	0.02
Diluted	$	0.01	$	0.02
Weighted average number of common shares outstanding:				
Basic		32,274,248		32,245,723
Diluted		32,379,511		32,245,723

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED OCTOBER 31		2017		2016
Net income for the year	$	457,298	$	615,860
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income of associates		-		(333,022)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**$**	**457,298**	**$**	**282,838**

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED OCTOBER 31	2017	2016
OPERATING ACTIVITIES		
Net income for the year	$ 457,298	$ 615,860
Items not affecting cash:		
Share of profit from associate	(504,316)	(1,006,162)
Share of profit from joint ventures	(833,993)	(1,122,447)
Loss on disposal of equipment	12,054	-
Depreciation	2,500	7,500
Share-based payments	149,778	87,830
Unrealized foreign exchange	131,782	(65,510)
Write-off of capitalized transaction costs	-	164,094
Changes in non-cash working capital items:		
Accounts receivable	15,814	(53,163)
Prepaid expenses and deposits	12,465	(958)
Accounts payable and accrued liabilities	(241,513)	(339,974)
Cash flows used in operating activities	(798,131)	(1,712,930)
INVESTING ACTIVITIES		
Long term receivable, net repayments (advances)	233,598	219,502
Distributions from associate	2,343,655	2,396,111
Distributions from 880 Doolittle joint venture	-	5,829
Investment in PAVe joint venture	(2,006,504)	(1,762,065)
Distributions from PAVe joint venture	914,984	1,150,074
Cash flows from investing activities	1,485,733	2,009,451
Change in cash and cash equivalents during the year	687,602	296,521
Effect of exchange rate changes on cash	(39,567)	18,578
Cash and cash equivalents, beginning of year	1,552,160	1,237,061
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 2,200,195**	**$ 1,552,160**

Supplemental disclosure with respect to cash flows (note 15)

PARKIT ENTERPRISE INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Reserves**	**Deficit**	**Accumulated Other Comprehensive Income**	**Total**
Balance, October 31, 2015	32,245,723	$ 22,751,687	$ 1,214,397	$ (7,914,208)	$ 333,022	$ 16,384,898
Share-based payments	-	-	87,830	-	-	87,830
Expiration of warrants and stock options	-	33,561	(935,073)	901,512	-	-
Share of other comprehensive income of associate	-	-	-	-	(333,022)	(333,022)
Net income for the year	-	-	-	615,860	-	615,860
Balance, October 31, 2016	32,245,723	22,785,248	367,154	(6,396,836)	-	16,755,566
Shares issued	65,073	22,125	-	-	-	22,125
Share-based payments	-	-	149,778	-	-	149,778
Expiration of stock options	-	-	(49,927)	49,927	-	-
Net income for the year	-	-	-	457,298	-	457,298
Balance, October 31, 2017	32,310,796	$ 22,807,373	$ 467,005	$ (5,889,611)	$ -	$ 17,384,767

1. NATURE OF OPERATIONS

Parkit Enterprise Inc. (the "Company") was incorporated pursuant to the *Business Corporations Act* (British Columbia) on December 6, 2006. The Company's head office and principal address is 500 – 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, and its registered and records office is 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5. The Company, through its subsidiary Greenswitch America, Inc. holds investments in parking real estate in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

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

Certain comparative figures have been reclassified to conform to current year presentation.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. Control is defined as where the Company is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

The principal subsidiaries of the Company are as follows:

Name of Subsidiary	Place of Incorporation	Percentage Ownership October 31, 2017	Percentage Ownership October 31, 2016	Principal Activity	Functional Currency
Greenswitch Capital Ltd.	Canada	100%	100%	Holding	CAD
Greenswitch America Inc.	USA	100%	100%	Holding	CAD

d) Foreign exchange and functional currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and each of its subsidiaries is the Canadian dollar. These consolidated financial statements are presented in Canadian dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign exchange and functional currency (continued)

Transactions and balances in foreign currencies

In preparing the financial results of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in currencies other than the functional currency of the individual entities are translated using the period end foreign exchange rate. Non-monetary assets, liabilities and equity are translated using the rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in net income or loss.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and short-term liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Financial assets and liabilities

Classification, recognition and de- recognition

The Company classifies its financial assets and liabilities at initial recognition according to their characteristics and management's intentions related thereto in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale, and other financial liabilities.

- A financial asset or liability at fair value through profit or loss ("FVTPL") is classified in this category if acquired principally for the purpose of selling or redeeming in the short-term. Financial assets and liabilities carried at FVTPL are initially recognized at fair value and are subsequently re-measured to their fair value at each reporting date. Realized and unrealized gains arising from changes in the fair value of these financial assets or liabilities are included in the consolidated statements of operations in the period in which they arise.

  The Company classifies its cash and cash equivalents as a financial asset FVTPL.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

  The Company classifies its accounts receivable and long-term receivable as loans and receivables.

- Available-for-sale ("AFS") financial assets are those non-derivative financial assets that are designated as such or not classified in the any of the other categories. AFS financial assets are initially recognized at fair value and are subsequently re-measured to their fair value at each reporting date. Unrealized gains and losses arising from changes in the fair value are recognized as a separate component of equity in other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which the cumulative gain or loss previously recognized in equity is included in the consolidated statements of operations.

  The Company currently does not have any AFS assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial assets and liabilities (continued)

Classification, recognition and de- recognition (continued)

- Other financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

  The Company's classifies its accounts payable and accrued liabilities and loans payable as other financial liabilities.

Financial assets are de-recognized 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. Financial liabilities are de-recognized when the obligation specified in the contract is either discharged or cancelled or expires.

Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

Financial assets – impairments

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment may include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in as subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment is recorded in the consolidated statement of operations, except for equity securities. Impairment losses on equity investments recognized in the consolidated income statement are not reversed.

g) Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation on office equipment is recognized using the straight-line method over a term of five years.

h) Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Investment in associates and joint ventures

Associates are investments over which the Company exercises significant influence but does not control or jointly control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control for strategic financial and operating decisions. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounting for using the equity method. The equity method involves recording the initial investment at cost, which represents the fair value of the consideration paid. When the Company recognizes an investment in an associate on the loss of control of a former subsidiary, cost is measured as the fair value of the investment retained in the former subsidiary. Thereafter, the carrying value of the investment is increased by additional contributions to the associate or joint venture, and decreased for any distributions received from the associate or joint venture. The carrying value is also adjusted for the Company's share of the profit or loss, and other comprehensive profit or loss of the associate or joint venture after the initial date of recognition.

Financial statements of the associate and joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

When the Company's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If such evidence exists, the investment is tested for impairment. An impairment loss is recognized as the amount by which the carrying value exceeds the recoverable amount of the investment. Impairment losses are reversed to the extent the recoverable amount subsequently increases.

j) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net income or loss for the period.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Provisions

Provisions are recognized when the Company or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes if their recovery is deemed probable.

l) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognized in equity, net of tax, as a deduction from the share proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

m) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of share-based payments is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Consideration paid for the shares on the exercise of stock options is credited to share capital, and the applicable amounts of reserves are transferred to share capital.

n) Reserves

The reserves recorded in equity on the Company’s statements of financial position include the fair values of share-based payments and warrants. Upon expiration of stock options, the applicable amounts of reserves are transferred to deficit. Upon expiration of warrants accounted for as share-based payments and originally recorded as share issue costs, the applicable amounts of reserves are transferred to share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

p) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share does not adjust the earnings attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

r) Standards issued but not yet effective

New and revised IFRS pronouncements that have been issued but are not yet effective, and that may have an impact on the disclosures and financial position of the Company, are disclosed below. The Company intends to adopt these new or revised standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IASB issued its completed version of IFRS 9, Financial Instruments ("IFRS 9") in July 2014. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new standard.

The final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of adopting this standard for its financial statements on November 1, 2018, the beginning of its annual fiscal year ended October 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of adopting this standard for its financial statements on November 1, 2018, the beginning of its annual fiscal year ended October 31, 2019.

IFRS 16 Leases

IFRS 16 was issued on January 13, 2016. The new standard brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains statement of financial position largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the effect of adopting this standard for its financial statements on November 1, 2019, the beginning of its annual fiscal year ended October 31, 2020.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires that the Company's management make assumptions and estimates of effects of various future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis using historical experience and other factors that are considered relevant given the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

a) Critical judgments

Functional currency

The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

Classification of investees as subsidiaries, associates or joint ventures

The Company, through its subsidiary Greenswitch America, Inc. ("Greenswitch America") holds investments in parking real estate in the United States of America, and is a party to a number of arrangements whereby the Company is required to assess the degree of control it exerts over the investee in order to classify the investee as a subsidiary, associate or joint venture.

In assessing control, the Company considers the structure and form of the arrangements, the terms agreed by the parties in the contractual arrangements and the Company's rights and obligations arising from the arrangements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a) Critical judgments (continued)

Accounting for investments in associates and joint ventures

Certain investees have different class of membership units, and the entitlements to distributions from these investments are different among each class. Accordingly, the Company has determined that it will equity account for its economic share of interest in the joint venture or associate rather than its equity participation.

Impairment testing

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both internal and external information to determine whether there is an indicator of impairment present and, accordingly, whether impairment testing is required.

The Company also exercised judgment in identifying the cash generating units to apply impairment testing on goodwill and other long-lived assets held in its joint ventures.

b) Critical estimates and assumptions

Accounting for investments in associates and joint ventures

In applying equity accounting, the Company reviews the accounting policies of the investee and if necessary, make any adjustments in line with those of the Company.

An earnings-based contingency recognized in the Company's associate, Green Park Denver, meets the definition of a financial asset as it represents a contractual right to receive cash or other financial assets (note 6).

The associate accounts for the contingent consideration receivable as financial asset available-for-sale subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on the discounted value of anticipated future receipts. The key assumptions take into consideration the probability of meeting each performance target, level of future profits of the disposed business and the discount factor. The key assumptions taken into consideration to determine the fair value as at October 31, 2017 include 90% (2016 – 90%) probability of meeting performance target, and a 10% (2016- 10%) discount factor.

Impairment testing

In assessing impairment on parking real estate, the Company considers a number of factors including cash flow forecasts, capitalization rates (the rate of return on a real estate investment property based on the income that the property is expected to generate), and property valuations. The estimates and assumptions are subject to risk and uncertainty, and actual results could differ. Changes in inputs may alter the results of impairment testing impacting the amount of impairment charge recorded in the statements of operations and the resulting carrying value of assets.

Provisions

A former officer of the Company was terminated from his position in August 2016. The Company recognizes a liability when there is a present obligation arising as a result of a past event, payment is probable and the amount can be estimated reliably. In the Company's assessment of whether to record a provision, the Company considered the legal basis for its decision to terminate the former officer and the settlements to other former officers in assessing the probability and materiality of any future payments. Any changes impacting management's assessment of the timing and probability of the Company's obligations for contingent liabilities may result in the Company recording a liability on its statement of financial position.

(Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

	October 31, 2017	October 31, 2016
Current portion of advances to PRE (note 5)	$ 205,257	$ 213,404
Management fees	38,421	46,537
Taxes receivable	21,918	54,952
Total	$ 265,596	$ 314,893

5. LONG TERM RECEIVABLE

	October 31, 2017	October 31, 2016
Advances to PRE	$ 1,467,222	$ 1,767,699
Less current portion (note 4)	(205,257)	(213,404)
Long term receivable	$ 1,261,965	$ 1,554,295

As at October 31, 2017, the Company has advanced $1,467,222 (US$1,137,999) to Parking Real Estate, LLC ("PRE"), a joint venture partner, for the purpose of PRE funding investments in income producing properties and related costs of acquisition, of which $229,494 (US$177,999) is to be repaid from the assignment of certain distributions due to PRE and the balance of $1,237,728 (US$960,000) is to be repaid upon disposition of certain investments or parking assets.

During the year-ended October 31, 2017, the Company was repaid $233,598 (US$180,884). During the year-ended October 31, 2016, the Company was repaid net $219,502 (US$165,449). At October 31, 2017, the Company estimated the current portion of the receivable to be $205,257 (2016 - $213,404).

6. INVESTMENT IN ASSOCIATE

Green Park Denver

In April 2015, the Company's then subsidiary Green Park Denver, LLC ("Green Park Denver") sold Canopy Airport Parking ("Canopy") to OP Holdings JV, LLC ("OP Holdings"), and in July 2015 Green Park Denver was deconsolidated as a subsidiary with the fair value of the retained interest in Green Park Denver recorded as an investment in associate.

The only significant asset retained in the associate is an earnings-based contingent receivable from OP Holdings. The associate recognizes changes in fair value of the contingent consideration receivable through other comprehensive income except for interest calculated using the effective interest method. The associate has no continuing operations and is being maintained to receive the earn-out payments.

The earn-out is payable in three tranches. The first tranche was earned and paid upon achievement of targets on April 22, 2016. The second tranche was earned and paid upon achievement of targets on April 22, 2017. The final tranche is payable upon disposition of certain assets in OP Holdings. Pursuant to the members' agreement, the Company's interest was 47.7% for the first tranche and 40.6% for the second and third tranches.

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE (continued)

Carrying values of associate

The carrying amounts of the Company's investments in associate at October 31, 2017 and 2016 were as follows:

	October 31, 2017	October 31, 2016
Balance – beginning of year	$ 2,985,393	$ 4,708,364
Distributions – settlement of contingent consideration receivable (i)	(2,343,655)	(2,191,093)
Distributions - residual cash in associate	-	(205,018)
Share of profits in associate	504,316	1,006,162
Share of comprehensive income in associate	-	(333,022)
Balance – end of year	$ 1,146,054	$ 2,985,393

i. During the year ended October 31, 2017, the performance target was achieved in relation to $2,343,655 (US$1,735,013) of contingent consideration, which then became due to the Company. In accordance with the Company's joint venture agreement, the Company contributed to Parking Acquisition Ventures, LLC ("PAVe LLC") $2,006,504 (US$1,485,419) of the consideration receivable (note 7).

   During the year ended October 31, 2016, the performance target was achieved in relation to $2,191,093 (US$1,727,992) of contingent consideration, which then became due to the Company. In accordance with the Company's joint venture agreement, the Company contributed to PAVe LLC $1,762,065 (US$1,390,299) of the consideration receivable (note 7).

Summarized financial information of associate

The functional currency of the associate is the United States dollar.

The assets and liabilities of the associate translated using the period end foreign exchange rates are summarized as follows:

Summarized statement of financial position	**October 31, 2017**	**October 31, 2016**
Current Assets		
Contingent consideration receivable	$ -	$ 4,869,310
Non-current assets		
Contingent consideration receivable	2,901,455	2,614,136
Net assets	**$ 2,901,455**	**$ 7,483,446**
Interest in net assets	40.6%	40.6%
Net assets attributable to the Company	**$ 1,177,991**	**$ 3,039,619**
Investment in associate – carrying value at historical cost	**$ 1,146,054**	**$ 2,985,393**

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES

Interests in joint ventures

The Company uses the equity method for accounting for joint ventures. Significant joint ventures of the Company are as follows:

Name of Joint Venture	Place of Incorporation	Percentage Ownership October 31, 2017	Percentage Ownership October 31, 2016	Principal Activity	Functional Currency
880 Doolittle Dr, LLC (“880 Doolittle”)	USA	50%	50%	Previous operator of Expresso	US
PAVe LLC	USA	50%	50%	Member/Administrator of OP Holdings and PAVe Nashville, LLC	US

880 Doolittle

On September 26, 2014, the Company acquired a 50% interest in 880 Doolittle, a joint venture, which at the time owned Expresso Airport Parking (“Expresso”) in Oakland, California. On April 22, 2015, 880 Doolittle sold Expresso, its sole asset, to OP Holdings. 880 Doolittle was dissolved during the year ended October 31, 2017.

PAVe LLC

In April 2015, the Company’s subsidiary, Greenswitch America and PRE jointly created separate legal entities, PAVe LLC and PAVe Admin to manage and oversee the parking assets of OP Holdings as an administrator. PAVe Admin is an entity created for legal purposes and hold no assets or liabilities.

PAVe LLC has different class of membership units, and the entitlements to distributions from these investments are different among each class PAVe LLC.

The Company is entitled to an 82.83% (2016 - 86.67%) economic allocation of distributions from OP Holdings to PAVe LLC. PAVe LLC is a 29.45% (2016 - 25%) equity member of OP Holdings with PAVe LLC accounting for OP Holdings as an investment in associate. OP Holdings holds a portfolio of six U.S. based parking facilities, including Canopy previously held by Green Park Denver (note 6) and Expresso previously held by 880 Doolittle.

PAVe LLC also owns Fly-away parking by PAVe Nashville, LLC (“Nashville”). Nashville is held by PAVe LLC directly, and is not part of OP Holdings. The Company is entitled to a 50% economic allocation of distributions from Nashville to PAVe LLC.

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES (continued)

Carrying values of joint ventures

The carrying amounts of the Company's investments in joint ventures at October 31, 2017 and 2016 were as follows:

	880 Doolittle	PAVe LLC	Total
Balance – October 31, 2015	$ 96,486	$ 8,922,265	$ 9,018,751
Contributions (note 6)	-	1,762,065	1,762,065
Distributions	(5,829)	(1,150,074)	(1,155,903)
Share of profits in joint ventures	(90,657)	1,213,104	1,122,447
Write-off of capitalized transaction costs	-	(164,094)	(164,094)
Balance – October 31, 2016	-	10,583,266	10,583,266
Contributions (note 7)	-	2,006,504	2,006,504
Distributions	-	(914,984)	(914,984)
Share of profits in joint ventures	-	833,993	833,993
Balance – October 31, 2017	**$ -**	**$ 12,508,779**	**$ 12,508,779**

Commitments

The Company has a commitment to contribute 5% of any capital call made by the joint venture. Capital calls will be made for the purpose of acquiring new parking real estate assets as jointly agreed by the members, and at other times as the joint venture may require working capital. Management estimates this commitment to be US$7.5 million based on investment targets set out at the inception of the joint venture in April 2015. Pursuant to the OP Holdings joint venture and the PAVe LLC operating agreements, upon earning the second earn-out contingent consideration (note 6), PAVe LLC member contributions to OP Holdings in respect of any future capital commitments approximate US$1,652,000, of which the Company was required to contribute US$725,000.

In connection with the acquisition of Fly-Away Parking in October 2015, Greenswitch America together with PAVe and two other parties (collectively the "Borrowers") entered into a loan and security agreement pursuant to which the Borrowers received a bank loan in the principal amount of US$5,460,000 as partial consideration for the acquisition (the "Loan"). In connection with the Loan, the Borrowers have each granted a security interest in all of their present and future assets and property including the property and assets of Fly-Away Parking. The loan bears interest at LIBOR plus 235 basis points and matures on October 30, 2020.

Summarized financial information of joint ventures

The functional currency of the joint ventures is the United States dollar.

The assets and liabilities of the joint ventures translated using the period end foreign exchange rates are summarized as follows:

(Expressed in Canadian Dollars)

7. INVESTMENT IN JOINT VENTURES (continued)

AS AT	October 31, 2017			October 31, 2016		
	880 Doolittle	PAVe LLC	**Total**	880 Doolittle	PAVe LLC	**Total**
Cash and cash equivalents	$ -	$ 78,213	**$ 78,213**	$ -	$ 323,396	**$ 323,396**
Other current assets	-	5,372	**5,372**	-	-	**-**
Parking facility	-	7,053,299	**7,053,299**	-	7,584,342	**7,584,342**
Goodwill	-	2,760,257	**2,760,257**	-	2,881,260	**2,881,260**
Interest in associate	-	14,497,933	**14,497,933**	-	11,893,335	**11,893,335**
	-	24,395,074	**24,395,074**	-	22,682,333	**22,682,333**
Accounts payable	-	200,380	**200,380**	-	244,626	**244,626**
Long-term borrowing	-	8,051,023	**8,051,023**	-	8,684,955	**8,684,955**
	-	8,251,403	**8,251,403**	-	8,929,581	**8,929,581**
Net assets	$ -	$ 16,143,671	**$ 16,143,671**	$ -	$13,752,752	**$ 13,752,752**
Interest in net assets	50%	80%(2)	**80%**	50%	83%(2)	**83%**
Net assets attributable to the Company	$ -	$ 12,859,843	**$ 12,859,843**	$ -	$11,478,444	**$ 11,478,444**
Investment in joint ventures – carrying value at historical cost	$ -	$ 12,508,779	$ 12,508,779	$ -	$10,583,266	**$ 10,583,266**

The operations of the joint ventures translated using average exchange rates for the year are summarized as follows:

FOR THE	Year ended October 31, 2017			Year ended October 31, 2016		
	880 Doolittle	PAVe LLC	**Total**	880 Doolittle	PAVe LLC	Total
Property revenue	$ -	$ 2,830,319	**$ 2,830,319**	$ -	$ 2,764,775	**$ 2,764,775**
Property expenses	-	(2,422,229)	**(2,422,229)**	(30,579)	(2,170,557)	**(2,201,136)**
Net property income	-	408,090	**408,090**	(30,579)	594,218	**563,639**
Depreciation Expense	-	(260,191)	**(260,191)**	-	(261,838)	**(261,838)**
Mortgage interest expense	-	(292,964)	**(292,964)**	-	(276,234)	**(276,234)**
Income – property operations	-	(145,065)	**(145,065)**	(30,579)	56,146	**25,567**
Profit from associate	-	1,031,354	**1,031,354**	-	1,427,102	**1,427,102**
General and administrative	-	(15,993)	**(15,993)**	1,438	(41,147)	**(39,709)**
Taxes	-	-	**-**	(76,087)	(7,000)	**(83,087)**
Profit (loss)	$ -	$ 870,296	**$ 870,296**	$ (105,228)	$ 1,435,101	**$ 1,329,873**
Company share of profit	50%(1)	96%(2)	**96%(2)**	86%(1)	85%(2)	**84%**
Share of profit from joint ventures	$ -	$ 833,993	**$ 833,993**	$ (90,657)	$ 1,213,104	**$ 1,122,447**

(1) The Company is entitled to profit (loss) distributions on the investments included in the joint venture ranging from 50% to 100%.

(2) The Company is entitled to profit (loss) distributions on the investments included in the joint venture ranging from 50% to 86.67%.

(Expressed in Canadian Dollars)

8. EQUIPMENT

		Office equipment
Cost		
Balance, October 31, 2015, and 2016	$	37,500
Disposals for the year		(37,500)
Balance, October 31, 2017	**$**	**-**
Accumulated depreciation		
Balance, October 31, 2015	$	15,446
Depreciation for the year		7,500
Balance October 31, 2016		22,946
Depreciation for the year		2,500
Disposals for the year		(25,446)
Balance, October 31, 2017	**$**	-
Carrying amounts		
As at October 31, 2016	**$**	**14,554**
As at October 31, 2017	**$**	**-**

9. EQUITY

a) **Authorized**:

Unlimited number of common shares without par value.

On May 24, 2017, the Company issued 65,073 common shares to a director having a fair value of $22,125 (note 12).

b) Stock Options

Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees and consultants at an exercise price to be determined by the board of directors provided that the exercise price is not less than the price permitted by the TSX Venture Exchange. Option shares are subject to vesting requirements as determined by the Company's Board of Directors, and the life of the options granted is as determined by the Company's Board of Directors, to a maximum of 10 years. Stock option transactions are recorded in reserves.

On January 9, 2017, the Company granted 750,000 incentive stock options to directors, officers and a consultant of the Company. Each option vested on the grant date and permits the grantee to acquire one common share in the Company at a price of $0.30 per share and expires five years after the date of grant, on January 9, 2022. The value of the options was recorded as share-based payments expense of $149,778. The value was obtained using the Black-Scholes valuation model with the following assumptions: volatility of 85%, discount rate of 1.01%, expected life of 5 years, dividend yield of 0%, and expected forfeiture rate of 0%.

On April 1, 2016, the Company granted 700,000 incentive stock options to new directors and certain officers of the Company. Each option permits the grantee to acquire one common share in the Company at a price of $0.50 per share and expires three years after the date of grant on April 1, 2019. The value of the options was recorded as share-based payments expense of $87,830. The value was obtained using the Black-Scholes valuation model with the following assumptions: fair value per option at grant date of $0.13; volatility of 66%, discount rate of 0.62%, expected life of 3 years, dividend yield of 0% and expected forfeiture rate of 0%.

(Expressed in Canadian Dollars)

9. EQUITY (continued)

b) Stock Options (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance as at October 31, 2015	2,895,000	$ 0.50
Granted	700,000	0.50
Expired/cancelled	(2,350,000)	0.50
Balance as at October 31, 2016	1,245,000	0.50
Granted	750,000	0.30
Cancelled	(250,000)	0.30
Balance as at October 31, 2017	1,745,000	$ 0.44

As at October 31, 2017, the following stock options were outstanding and exercisable:

Exercise Price	Number of options outstanding and exercisable	Weighted average years to expiry
$0.30 to $0.50	1,745,000	2.61

c) Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance as at October 31, 2015	5,459,667	$ 0.53
Expired	(5,459,667)	0.53
Balance as at October 31, 2016	-	$ -
Balance as at October 31, 2017	-	$ -

(Expressed in Canadian Dollars)

10. GENERAL AND ADMINISTRATIVE EXPENSES

	October 31, 2017	October 31, 2016
Management salaries and fees (note 12)	$ 271,102	$ 490,173
Director fees (note 15)	85,850	111,300
Share-based payments (notes 9 and 12)	149,778	87,830
Proxy solicitation costs	-	374,104
Professional fees (note 12)	231,402	358,653
Other administrative expenses	168,434	296,410
Write-off of capitalized transaction costs	-	164,094
Total general and administrative expenses	**$ 906,566**	**$ 1,882,564**

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	October 31, 2017	October 31, 2016
Income for the year before income tax	$ 518,075	$ 569,810
Expected income tax expense	$ 135,000	$ 148,000
Changes in statutory, foreign tax, foreign exchange rates and other	185,777	188,950
Permanent differences	48,000	18,000
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses	632,000	(1,921,000)
Change in unrecognized deductible temporary differences	(940,000)	1,520,000
Total income tax (recovery) expense	$ 60,777	$ (46,050)

The Canadian income tax rate of 26% did not change during the year ended October 31, 2017.

Significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	October 31, 2017	October 31, 2016	Expiry Dates
Share issuance costs	$ 11,000	$ 35,000	2018
Non-capital losses	22,338,000	24,878,000	2028 – 2037
Allowable capital losses	779,000	779,000	No expiry
Unrealized foreign exchange	10,815	-	No expiry
Property and equipment	-	31,000	No expiry

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

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Senior management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Senior management personnel include the Company's executive officers and members of the Board of Directors.

		October 31, 2017		October 31, 2016
Total for all senior management				
Salaries, fees, and short-term benefits	$	291,513	$	515,373
Share-based payments		109,837		37,641
		401,350		553,014
Total for all directors				
Short-term benefits		85,850		158,425
Share-based payments		29,956		50,189
		115,806		208,614
Total	**$**	**517,156**	**$**	**761,628**

As at October 31, 2016, the Company accrued an amount owing to a director of the Company for services provided valued at $47,125. During the year ended October 31, 2017, the director was paid cash of $25,000. The Company obtained the approval of the TSX Venture Exchange, and on May 24, 2017 issued to the director 65,073 shares in the Company, having a fair value of $22,125 in full settlement of amounts owing as at October 31, 2016.

13. SEGMENT INFORMATION

The Company operates in one business segment, being the participation in the parking facilities sector through its wholly-owned subsidiary Greenswitch America, Inc.

The Company earned 100% of its revenues in the United States through its subsidiary Greenswitch America, Inc.

The Company has no significant identifiable non-current assets outside of the United States.

14. COMMITMENTS AND CONTINGENCIES

In November 2017, the Company renewed its office lease, which expires February 28, 2018, for another 12 month term. The Company's total future aggregate minimum office lease payments over the remaining lease term extended to February 28, 2019 are as follows:

		October 31, 2017
Not later than one year	$	42,468
Later than one year and no later than five years		15,112
	$	57,580

(Expressed in Canadian Dollars)

14. COMMITMENTS AND CONTINGENCIES (continued)

On August 12, 2016, the Company terminated the employment of its former Chief Executive Officer without notice and without payment of any compensation in lieu of notice. On December 6, 2016, counsel for the former Chief Executive Officer made a demand for compensation, which was rejected by the Company. The Company believed, and it continues to believe, that it has no liability to have given any notice or to pay any severance to the former Chief Executive Officer. The Company is unable to predict the outcome or potential liability, if any, arising from the termination of the former Chief Executive Officer at this time and no amount has been accrued in the financial statements.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		October 31, 2017		October 31, 2016
Cash and equivalents consists of:				
Cash	$	907,682	$	1,552,160
Cash equivalents		1,292,513		-
	$	2,200,195	$	1,552,160
Cash paid for taxes	$	35,304	$	7,086

On May 24, 2017, the Company issued 65,073 common shares to a director having a fair value of $22,125 as a non-cash settlement for an amount owing for services provided and accrued as at October 31, 2016 (see notes 9(a) and 12). There were no non-cash transactions for the year ended October 31, 2016.

16. CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In the management of capital, the Company includes components of shareholders' equity.

To maintain or adjust the capital structure, the Company may issue new shares, issue debt or sell assets to meet financial obligations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended October 31, 2017.

17. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is primarily on its cash and cash equivalents and receivables. All of the Company's cash and cash equivalents are held with reputable financial institutions. The Company's policy is to deal only with creditworthy counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets. None of the Company's financial assets are secured by collateral or other credit enhancements.

17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had a cash balance of $2,200,195 to settle current liabilities of $9,252. The Company expects to fund these liabilities through existing cash resources, revenue generated from operations, additional debt and equity financings, and from funds raised through the partial disposition of interests in its assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and other price risk.

a) Interest rate risk

As at October 31, 2017 and October 31, 2016, the Company deposits its cash and cash equivalents in fully liquid bank business accounts. As such the Company does not consider its interest rate risk exposure to be significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, long-term receivable, and its accounts payable and accrued liabilities, denominated in US Dollars. A 10% fluctuation in the US dollar against the Canadian dollar would affect net income for the year by $370,000.

c) Price risk

The Company is not exposed to any significant price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

18. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with level 1 inputs having the highest priority. The levels used to value the Company's financial assets and liabilities are described below.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – 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.
- Level 3 – Inputs for the asset or liability that are not based on an observable market, i.e. unobservable inputs.

The fair value of the Company's accounts receivable, long-term receivable, and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position.

Cash and cash equivalents are carried at fair value in accordance with Level 1 of the fair value hierarchy, being unadjusted quoted prices in active markets for identical assets or liabilities.