GLOBAL REMOTE TECHNOLOGIES, LTD.

Consolidated Financial Statements

January 31, 2016

(Expressed in Canadian dollars)

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DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Remote Technologies, Ltd.

We have audited the accompanying consolidated financial statements of Global Remote Technologies, Ltd., which comprise the consolidated statement of financial position as at January 31, 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Global Remote Technologies, Ltd. as at January 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Global Remote Technologies Ltd.'s ability to continue as a going concern.

Other Matter

The financial statements of Global Remote Technologies, Ltd. for the year ended January 31, 2015, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2015.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 30, 2016

GLOBAL REMOTE TECHNOLOGIES, LTD.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	January 31, 2016 $	January 31, 2015 $
Assets		
Current assets		
Cash	53,855	80,194
Accounts receivable	123,442	–
Prepaid expenses	2,430	–
Short-term investment (Note 6)	1	–
Total current assets	179,728	80,194
Non-current assets		
Property and equipment (Note 7)	217,389	353,154
Intangible assets (Note 8)	676,702	830,820
Total non-current assets	894,091	1,183,974
Total assets	1,073,819	1,264,168
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable (Note 9)	82,161	34,814
Due to related parties – current (Notes 8 and 9)	176,692	659,781
Note payable (Note 10)	154,066	–
Total current liabilities	412,919	694,595
Due to related parties (Note 8 and 9)	682,793	–
Total liabilities	1,095,712	694,595
Shareholders' equity		
Share capital (Note 11)	2,477,942	956,830
Subscriptions received (Note 11)	–	37,502
Share-based payment reserve (Note 11)	1,932	1,932
Deficit	(2,596,474)	(426,691)
Other comprehensive income	94,707	–
Total shareholders' equity	(21,893)	569,573
Total liabilities and shareholders' equity	1,073,819	1,264,168

Nature of operations and going concern (Note 1)
Commitments (Notes 9 and 13)

Approved and authorized for issuance by the Board of Directors on May 30, 2016:

/s/ "Chris Dorris"	*/s/* "Rebecca Kingery"
Chris Dorris, Director	Rebecca Kingery, Director and CFO

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

GLOBAL REMOTE TECHNOLOGIES, LTD.

Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Year Ended January 31, 2016 $	Period from July 17, 2014 (date of incorporation) to January 31, 2015 $
Revenue	693,881	–
Expenses		
Amortization of property and equipment (Note 7)	179,121	406
Amortization of intangible assets (Note 8)	322,190	94,180
Bad debt expense	5,387	–
Consulting fees (Note 9)	61,481	84,005
Foreign exchange loss	156,474	78,097
Interest expense	2,437	–
License fees	45,000	11,615
Listing cost (Note 3)	40,000	–
Office and general	105,809	11,492
Professional fees (Note 9)	296,499	70,865
Salaries and wages (Note 9)	436,353	64,079
Subcontract services	422,611	–
Travel	199,990	11,952
Total expenses	2,273,352	426,691
Net loss before other income (expenses)	(1, 579,472)	(426,691)
Other income (expenses)		
Contract acquisition costs (Note 4)	(900,000)	–
Gain on acquisition of Global Remote Technologies, LLC (Note 5)	302,242	–
Gain on settlement of debt	7,446	–
Net loss for the period	(2,169,783)	(426,691)
Other comprehensive income	94,707	–
Net loss and comprehensive loss for the period	(2,075,076)	(426,691)
Basic and diluted loss per share	(0.06)	(0.02)
Weighted average number of shares outstanding	35,811,838	21,192,007

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

GLOBAL REMOTE TECHNOLOGIES, LTD.
Consolidated statement of changes in equity
(Expressed in Canadian dollars)

	Share capital		Subscriptions receivable	Share-based payment reserve		Accumulated other Comprehensive Income	Total shareholders' equity
	Number of shares	Amount $	$	$	Deficit $	$	$
Balance, July 17, 2014 (date of inception)	–	–	–	–	–	–	–
Founder's shares issued (Note 11)	1	–	–	–	–	–	–
Shares issued for cash (Note 11)	10,241,677	445,951	–	–	–	–	445,951
Shares issued for intangible assets (Notes 8 and 11)	18,000,000	517,761	–	–	–	–	517,761
Shares issued for services (Note 11)	250,000	6,250	–	–	–	–	6,250
Proceeds from share subscriptions (Note 11)	–	–	(37,502)	–	–	–	37,502
Share issuance costs (Note 11)	–	(13,132)	–	1,932	–	–	(11,200)
Net loss for the period	–	–	–	–	(426,691)	–	(426,691)
Balance, January 31, 2015	28,491,678	956,830	37,502	1,932	(426,691)	–	569,573
Shares issued for cash (Note 11)	3,312,580	331,258	(37,502)	–	–	–	293,756
Shares issued for debt (Note 11)	200,000	20,000	–	–	–	–	20,000
Shares issued per plan of arrangement (Note 11)	300,000	30,000	–	–	–	–	30,000
Shares issued pursuant to exercise of warrants (Notes 10 and 11)	4,767,080	239,854	–	–	–	–	239,854
Shares issued for contract acquisition costs (Notes 4 and 11)	5,000,000	900,000	–	–	–	–	900,000
Net loss for the year	–	–	–	–	(2,169,783)	94,707	(2,075,076)
Balance, January 31, 2016	42,071,338	2,477,942	–	1,932	(2,596,474)	94,707	(21,893)

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

GLOBAL REMOTE TECHNOLOGIES, LTD.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year Ended January 31, 2016 $	Period from July 17, 2014 (date of incorporation) to January 31, 2015 $
Operating activities		
Net loss for the period	(2,169,783)	(426,691)
Items not involving cash:		
Amortization of property and equipment	179,121	406
Amortization of intangible assets	322,190	94,180
Effects of foreign exchange rate changes	–	67,393
Gain on acquisition of Global Remote Technologies, LLC	(302,242)	–
Gain on settlement of debt	(7,446)	–
Shares issued for contract acquisition costs	900,000	–
Non-cash listing costs	30,000	–
Shares issued for services	–	6,250
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(108,456)	34,814
Accounts receivable	(123,442)	–
Prepaid expenses	(106)	–
Due to related parties	199,704	68,719
Net cash used in operating activities	(1,080,460)	(154,929)
Investing activities		
Acquisition of property and equipment	(16,568)	(127,371)
Acquisition of intangible assets	–	(109,759)
Net cash acquired upon acquisition of Global Remote Technologies, LLC	483,678	–
Net cash provided by (used in) investing activities	467,110	(237,130)
Financing activities		
Proceeds from issuance of shares and share subscriptions received	426,310	483,453
Share issuance costs	–	(11,200)
Proceeds from note payable	80,000	–
Net cash provided by financing activities	506,310	472,253
Effect of foreign exchange	80,701	–
(Decrease) Increase in cash	(26,339)	80,194
Cash, beginning	80,194	–
Cash, ending	53,855	80,194
Non-cash investing and financing activities:		
Fair value of share purchase warrants issued as finders' fees	–	1,932
Fair value of shares issued for intangible assets	–	517,761
Fair value of shares issued to acquire short-term investment	1	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

1. Nature of Operations and Going Concern

Global Remote Technologies, Ltd. (the "Company") was incorporated under the laws of British Columbia on January 16, 2015. The Company's planned principal business focuses on the deployment of emerging technologies for the energy sector. During the period ended January 31, 2015, the Company entered into two license agreements for the acquisition of certain license rights to portable communications products, an oilfield monitoring system, and an oilfield particle collection and detection system. Effective March 13, 2015, the Company completed a Plan of Arrangement with Voltaire Services Corp. ("Voltaire") and GRT Technologies Inc. ("GRT"), whereby the Company became a reporting issuer and GRT became its wholly-owned subsidiary. Effective May 14, 2015 the Company was listed on the Canadian Securities Exchange ("CSE" or the "Exchange") under the symbol "RGT". The Company's registered office is Suite 1200, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at January 31, 2016, the Company had accumulated losses of $2,596,474. Furthermore, the Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent on its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

a) Statement of Compliance and Principals of Consolidation

These consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, GRT Technologies Inc. and Global Remote Technologies, LLC. All intercompany transactions have been eliminated on consolidation.

b) Basis of Presentation and functional currency

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. The functional currency of the parent company is the Canadian dollar. The functional currency of the Company's Canadian subsidiary is also the Canadian dollar. The functional currency of the Company's US subsidiary is the United States dollar.

c) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. Significant Accounting Policies (continued)

c) Use of Estimates and Judgements (continued)

Significant areas requiring the use of estimates include the useful life and amortization of property and equipment and intangible assets, measurement of share-based payments, and deferred income tax asset valuation allowances. Judgments made by management in the application of IFRS that have a significant effect on the financial statements include the factors supporting the capitalization and recoverability of property and equipment and intangible assets, and inputs into the calculation of the fair value of share-based payments.

d) Property and Equipment

Property and equipment is recorded at cost. Amortization is computed at the following rates:

Furniture and equipment	20% declining balance
Helix tool equipment	30 uses per tool
Prospector demo kits	2 years straight line
Terra Ferma equipment	2 years straight line

e) Intangible Assets

Intangible assets include all costs incurred by the Company to acquire licenses and other intangible assets, and are initially recognized and measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their estimated useful lives from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Prospector license	3 years straight line
Terra Ferma license	3 years straight line
Helix intangible	4 years straight line

f) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

2. Significant Accounting Policies (continued)

f) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss is stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company has loans and receivables consisting of accounts receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company's marketable securities included in short-term investment is classified as available-for-sale.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

2. Significant Accounting Policies (continued)

f) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a 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 previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(i) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: accounts payable, note payable and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(ii) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

g) Foreign Currency Translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign exchange gains and losses are included in the statement of operations.

2. Significant Accounting Policies (continued)

g) Foreign Currency Translation (continued)

At the end of each reporting period, assets and liabilities of the Company's subsidiaries which have different functional currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

h) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

i) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at January 31, 2016, the Company had 3,312,580 potential dilutive shares outstanding.

j) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

2. Significant Accounting Policies (continued)

k) Revenue Recognition

Revenue is recognized when the product or service is delivered to the customer and/or when the risks and rewards of ownership are otherwise transferred to the customer and when the price is fixed and determinable and collection is reasonably assured.

l) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

m) Recent Accounting Pronouncements

The following new standards, and amendments to standards and interpretations, are effective for annual periods beginning after January 31, 2016 or later, and have not been applied in preparing these financial statements:

IFRS 9, “Financial Instruments”

IFRS 15, “Revenue from Contracts with Customers”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

3. Plan of Arrangement

The Company entered into an Arrangement Agreement (the "Arrangement") with Voltaire and GRT, and on March 13, 2015, the shareholders of the Company, Voltaire and GRT executed the Arrangement as follows:

a) GRT acquired all of the issued and outstanding common shares of the Company from Voltaire for consideration of the Purchase price of $10,000 on the Closing of the Plan of Arrangement (the "Purchase Shares");

b) GRT and the Company exchanged securities on a 1:1 basis, such that 30,747,658 common shares of GRT were exchanged by their holders for 30,747,658 common shares of the Company;

c) Voltaire and the Company exchanged securities on a 1:300 basis such that Voltaire issued 1,000 common shares to the Company and the Company issued 300,000 common shares to Voltaire (collectively, the "Exchange Shares") with a fair value of $30,000; and

d) The Purchase Shares were then cancelled.

As a result of the Arrangement Agreement, the former shareholders of GRT, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As GRT is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 17, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of GRT in accordance with IFRS 3, *Business Combinations*. The Company's results of operations are included from March 13, 2015, onwards. An amount of $40,000 has been recorded as a listing cost as a result of the above transaction.

4. Acquisition of Revenue Contract

On September 18, 2015, the Company entered into a Corporate Opportunities Purchase Agreement with Kane Smith, the President of the Company, whereby the Company agreed to purchase certain assets, including a one year revenue contract which commenced July 1, 2015, along with Kane Smith's extensive knowledge, contacts, sales leads and corporate opportunities in the energy technology business in consideration for 5,000,000 common shares with a fair value of $0.18 per share.

In accordance with IFRS 15, *Revenue from Contracts with Customers*, the fair value of the shares issued pursuant to the purchase agreement was deemed to be an incremental cost of obtaining a contract. As the contract is for a period of one year, the fair value of the shares of $900,000 was expensed as incurred and included in the statement operations and comprehensive loss for the year ended January 31, 2016.

5. Acquisition of Global Remote Technologies, LLC

On September 28, 2015, the Company entered into a Membership Interest Purchase Agreement with Kane Smith, the President of the Company, whereby the Company agreed to purchase a 100% interest in Global Remote Technologies, LLC ("GRT LLC"), in consideration for $1.

In accordance with IFRS 3, *Business Combinations*, the purchase agreement was deemed a business combination for accounting purposes. Assets acquired and liabilities assumed are reported at their fair values as at the closing date.

(Expressed in Canadian dollars)

5. Acquisition of Global Remote Technologies, LLC (continued)

The assets acquired and liabilities assumed are as follows:

	$
Cash	483,679
Prepaid expenses	2,324
Property and equipment	26,788
Intangible assets	160,728
Accounts payable and accrued liabilities	(33,407)
Due to Global Remote Technologies, Ltd.	(177,141)
Promissory note payable	(160,728)
Net assets acquired	302,243

Upon acquisition of GRT LLC, the Company recognized an acquisition-date gain of $302,242 representing the difference between the purchase price and the net assets acquired.

6. Short-term Investment

	January 31, 2016	
	Cost $	Fair value $
Available-for-sale securities:		
Voltaire Services Corp. - 1,000 common shares	1	1
Total	1	1

7. Equipment

Property and equipment are comprised of the following:

	Prospector Demo Kits $	Terra Ferma Equipment $	Furniture and Equipment $	Helix Tool Equipment $	Total $
Cost:					
Balance, July 17, 2014 (date of incorporation)	–	–	–	–	–
Additions (Note 8)	168,000	181,501	4,059	–	353,560
Balance, January 31, 2015	168,000	181,501	4,059	–	353,560
Additions (Note 8)	–	–	–	43,356	43,356
Balance, January 31, 2016	168,000	181,501	4,059	43,356	396,916
Amortization:					
Balance, July 17, 2014 (date of incorporation)	–	–	–	–	–
Additions	–	–	406	–	406
Balance, January 31, 2015	–	–	406	–	406
Additions	84,000	90,751	2,157	2,213	179,121
Balance, January 31, 2016	84,000	90,751	2,563	2,213	179,527
Net Book Value:					
Balance, January 31, 2015	168,000	181,501	3,653	–	353,154
Balance, January 31, 2016	84,000	90,750	1,496	41,143	217,389

(Expressed in Canadian dollars)

8. Intangible Assets

Intangible assets are comprised of the following:

	Prospector License $	Terra Ferma License $	Helix Tool Assets $	Total $
Cost:				
Balance, July 17, 2014	–	–	–	–
Additions	810,000	115,000	–	925,000
Balance, January 31, 2015	810,000	115,000	–	925,000
Additions	–	–	168,072	168,072
Balance, January 31, 2016	810,000	115,000	168,072	1,093,072
Amortization:				
Balance, July 17, 2014	–	–	–	–
Additions	90,986	3,194	–	94,180
Balance, January 31, 2015	90,986	3,194	–	94,180
Additions	268,336	38,097	15,757	322,190
Balance, January 31, 2016	359,322	41,291	–	416,370
Net Book Value:				
Balance, January 31, 2015	719,014	111,806	–	830,820
Balance, January 31, 2016	450,678	73,709	152,315	676,702

Prospector License

On September 30, 2014, the Company entered into a license agreement with Prospector Technologies Inc. ("Prospector"), a company controlled by the President of the Company. Pursuant to the agreement, the Company acquired the license for an oilfield monitoring system and an oilfield particle collection and detection system, for a term of three years. The Company has agreed to make payments totaling $560,000 (US$500,000) and issue 13,000,000 common shares of the Company with a fair value of $418,000 (issued). The total purchase price of $978,000 was comprised of $168,000 for property and equipment and $810,000 for license rights, with the fair value of the license rights based on an independent valuation report. Cash payments are to be made in minimum payments of US$25,000 over the three year period, as capital is available for payment. As at January 31, 2016, the Company has made cash payments of $90,176 (US$75,000) and the remaining amount owing of $595,255 (US$425,000) is shown as amounts due to related parties. In addition, royalties of 8% of gross revenues are to be paid to Prospector on a quarterly basis. The agreement gives the Company an exclusive license to the intellectual property in Canada, continental Europe, and other countries outside of the United States, Canada, and Europe by mutual agreement in writing.

8. Intangible Assets (continued)

Terra Ferma License

On August 31, 2014, the Company entered into a license agreement with Terra Ferma Inc., a non-related third party. Pursuant to the agreement, the Company acquired a license to commercialize and market portable communications products over the period of three years. The agreement gave the Company an exclusive license to the intellectual property in Canada, continental Europe, and other countries outside of the United States, Canada, and Europe by mutual agreement in writing. As part of the agreement, the Company is required to make payments totaling US$1,000,000, with US$250,000 due within 30 days of the agreement and the remaining US$750,000 due within 90 days of the Company's listing on the CSE, and issue 5,000,000 common shares of the Company. On December 16, 2014 and December 22, 2014, the license agreement was amended to a period of one year, with two optional one-year renewals. As such, the payment was amended to $196,740 (US$180,000) (paid), the issuance of 5,000,000 common shares of the Company with a fair value of $99,761 (issued), and further payments of US$60,000 (US$55,000 paid as amended below) at US$5,000 per month for a period of twelve months. On March 1, 2015, the license agreement was amended to provide a 10% discount on remaining payments. The total purchase price of $296,501 was comprised of $181,501 for property and equipment and $115,000 for license rights. The fair value of the license rights was based on an independent valuation report.

Helix Tool Assets

On September 18, 2015, GRT LLC, entered into a Purchase Agreement with Terra Recovery Systems, LLC, a non-related third party. Pursuant to the agreement, the Company acquired an undivided 100% interest in the Helix tools, patents, all master service agreements, the products and the technology, in consideration for $183,050 (US$140,000). Of the total purchase price, US$20,000 is to be paid upon closing (paid) with the remaining balance of US$120,000 to be paid pursuant to a promissory note in equal monthly installments of US$10,000 commencing on the 1st day of December, 2015, and continuing on the 1st day of each following month until the balance is paid in full (Note 10(b)). The total purchase price of $183,050 (US$140,000) was comprised of $26,150 (US$20,000) for property and equipment and $168,072(US$120,000) for intellectual property. Immediately subsequent to the completion of the purchase agreement, the Company entered into a Participation Agreement in relation to the Helix tool assets (Note 13(b)).

9. Related Party Transactions

a) As at January 31, 2016, the Company owed $595,255 (US$425,000) (2015; $596,226) to Prospector for the remaining consideration required under the agreement (Note 8). The amounts owing are unsecured, non-interest bearing, and due on demand. On March 18, 2015, the Company and Prospector entered into a Postponement Agreement, pursuant to which Prospector agreed to defer repayment of the remaining consideration of $595,255 (US$425,000) to May 1, 2017.

b) On October 1, 2014, the Company entered into an employment agreement with the CEO of the Company for a base salary of US$150,000 per annum, with a 5% increase per annum over a period of five years. During the year ended January 31, 2016, the Company incurred salaries and wages of $197,222 (2015 - $57,829) and bonus of $43,240 (2015 - $nil) to the CEO of the Company. As at January 31, 2016, the Company owed $230,983 (US$167,417) (2015: $63,555) to the CEO of the Company, which is unsecured, non-interest bearing, and due on demand. On March 18, 2015, the Company and the CEO of the Company entered into a Postponement Agreement, pursuant to which the CEO agreed to defer repayment of $87,538 (US$62,500) of the total owing to May 1, 2017.

(Expressed in Canadian dollars)

9. Related Party Transactions (continued)

c) On September 1, 2015, the Company entered into an employment agreement with the President of the Company for a base salary of US$125,000 per annum, with a 5% increase per annum over a period of five years. During the year ended January 31, 2016, the Company incurred salaries and wages of $70,311.48 (2015 - $nil) to the President of the Company. As at January 31, 2016, the Company owed $33,247 (US$23,737) to the President of the Company, which is unsecured, non-interest bearing, and due on demand.

d) During the year ended January 31, 2016, the Company incurred consulting fees of $33,481 (2015 - $6,062) and professional fees of $10,000 to the former Chief Financial Officer ("CFO") of the Company. At January 31, 2016, the Company owed $5,250 to the former CFO of the Company, which is included in accounts payable and accrued liabilities. The balance is unsecured, non-interest bearing, and due on demand.

e) During the year ended January 31, 2016, the Company incurred salaries and wages of $nil (2015 - $6,805) to the former President and CEO of the Company.

The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the years ended January 31, 2016 and 2015:

	January 31, 2016 $	January 31, 2015 $
Salaries paid or accrued to President and Director	70,311	64,079
Salaries paid or accrued to Chief Executive Officer and Director	240,462	-
Fees paid to Chief Financial Officers	68,699	6,062
	379,472	70,141

10. Notes Payable

a) On February 19, 2015, the Company entered into a Promissory Note ("Note") for a principal amount up to $100,000, bearing interest at a rate of 8% per annum, due on or before February 19, 2018. The Company had received $80,000 of principal and accrued $2,735 of interest up to July 30, 2015. On July 30, 2015, the Company settled the debt when the Company issued 2,146,000 common shares pursuant to the exercise of 2,146,000 warrants by the lender at a price of $0.05 per share for settlement of the Note plus accrued interest. As a result, the Company recognized a loss on settlement of debt of $24,565.

b) On September 18, 2015, the Company entered into a Promissory Note for a principal amount of $154,066 (US$120,000), pursuant to a Purchase Agreement with Terra Recovery Systems, LLC (Note 8). The note is repayable at $10,000 per month beginning December 1, 2015, is non-interest bearing, unsecured and due on or before December 1, 2016. During the year ended January 31, 2016, the Company repaid $10,000. The Company determined that the fair value of the note was not significantly different from its face value. At January 31, 2016 $154,066 (US$110,000) was owing on the Promissory Note.

11. Share Capital

Authorized: Unlimited common shares without par value

Issued:

a) On July 17, 2014, the Company issued 1 founder's share to the former President of the Company for $0.01.

b) On July 31, 2014, the Company issued 4,729,040 units at $0.025 per unit for proceeds of $118,226. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.05 per share until July 31, 2015.

c) On September 2, 2014, the Company issued 2,106,432 units at $0.025 per unit for proceeds of $52,661. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.05 per share until September 2, 2015.

d) On September 3, 2014, the Company issued 874,080 units at $0.025 per unit for proceeds of $21,852. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.05 per share until September 3, 2015.

e) On September 3, 2014, the Company issued 250,000 common shares with a fair value of $6,250 as consideration for services performed by the former President of the Company.

f) On September 3, 2014, the Company issued 13,000,000 common shares with a fair value of $418,000 to Prospector, a company controlled by the President of the Company (Note 8).

g) On September 3, 2014, the Company issued 5,000,000 common shares with a fair value of $99,761 pursuant to the Terra Ferma License (Note 8).

h) On December 1, 2014, the Company issued 800,000 units at $0.10 per unit for proceeds of $80,000. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.20 per share until December 1, 2015. The Company paid finder's fees of $8,000 and issued 80,000 agent's warrants with a fair value of $1,379, which has been included in share-based payment reserve.

i) On December 9, 2014, the Company issued 320,000 units at $0.10 per unit for proceeds of $32,000. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.20 per share until December 9, 2015.The Company paid finder's fees of $3,200 and issued 32,000 agent's warrants with a fair value of $553 which has been included in share-based payment reserve.

j) On December 10, 2014, the Company issued 1,412,125 units at $0.10 per unit for proceeds of $141,212. Each unit was comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.20 per share until December 10, 2015.

k) On February 18, 2015, the Company entered into a debt settlement agreement whereby the Company agreed to issue 200,000 common shares to settle outstanding legal fees with a fair value of $20,000.

l) On February 24, 2015 the Company issued 1,381,150 units at $0.10 per unit for proceeds of $138,115, of which $37,502 was received as at January 31, 2015. Each unit consisted of one common share and one share purchase warrant exercisable at $0.20 per share until February 24, 2016.

m) On March 9, 2015, the Company issued 374,830 units at $0.10 per unit for proceeds of $37,483. Each unit consisted of one common share and one share purchase warrant exercisable at $0.20 per share until March 9, 2016.

(Expressed in Canadian dollars)

11. Share Capital (continued)

n) On March 13, 2015, the Company issued 30,747,658 common shares to the shareholders of GRT on a 1:1 basis pursuant to an Arrangement Agreement. In connection with the Arrangement Agreement, the Company cancelled 10,000 common shares which were previously outstanding and issued 300,000 common shares in exchange for 1,000 shares of Voltaire Services Corp. The fair value of the 10,000 common shares and the 300,000 common shares totaling $40,000 has been expensed as a listing fee (Note 3).

o) On June 17, 2015, the Company issued 874,080 common shares at $0.05 per share for proceeds of $43,704 pursuant to the exercise of 874,080 share purchase warrants.

p) On July 3, 2015, the Company issued 1,256,600 units at $0.10 per unit for proceeds of $125,660. Each unit consisted of one common share and one share purchase warrant exercisable at $0.24 per share until July 3, 2017.

q) On July 9, 2015, the Company issued 300,000 units at $0.10 per unit for proceeds of $30,000 that were received pursuant to the private placement on February 24, 2015 prior to the closing of the Arrangement Agreement (Note 3). Each unit consisted of one common share and one share purchase warrant exercisable at $0.20 per share until February 24, 2016.

r) On July 30, 2015, the Company entered into a debt settlement agreement whereby the Company issued 2,146,000 common shares pursuant to the exercise of 2,146,000 warrants at a price of $0.05 per share for settlement of a note payable of $80,000 plus accrued interest of $2,735. As a result, the Company recognized a loss on settlement of debt of $24,565 (Note 10(a)).

s) On July 31, 2015, the Company issued 1,737,000 common shares pursuant to the exercise of 1,737,000 share purchase warrants at $0.05 per share for proceeds of $86,850.

t) On September 28, 2015, the Company issued 5,000,000 common shares with a fair value of $0.18 per share pursuant to a Corporate Opportunities Purchase Agreement (Note 4).

u) On December 1, 2015, the Company issued 10,000 common shares pursuant to the exercise of 10,000 share purchase warrants at $0.20 per share for proceeds of $2,000.

Share-based payments reserve:

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

12. Share Purchase Warrants

The following table summarizes information about the warrants issued:

	Number of warrants	Weighted average exercise price $
Outstanding, July 17, 2014	-	-
Issued	10,353,677	0.09
Outstanding, January 31, 2015	10,353,677	0.09
Issued	3,312,580	0.22
Exercised	(4,767,080)	0.05
Expired	(5,586,597)	0.10
Outstanding, January 31, 2016	3,312,580	0.22

(Expressed in Canadian dollars)

12. Share Purchase Warrants (Continued)

The following table summarizes information about warrants outstanding as at January 31, 2016:

Exercise Price	Expiry date	Warrants Outstanding January 31, 2016	Warrants Outstanding January 31, 2015
$ 0.05	July 31, 2015	-	4,729,040
$ 0.05	September 2-3, 2015	-	2,980,512
$ 0.05	December 1-10, 2015	-	2,644,125
$ 0.20	February 24, 2016*	1,681,150	-
$ 0.20	March 6, 2016*	374,830	-
$ 0.24	July 3, 2017	1,256,600	-
		3,312,580	10,353,677

** All subsequently expired unexercised*

During the period ended January 31, 2015, the Company issued 112,000 finders' warrants with a fair value of $1,932 which was charged to share issuance costs and recorded in share-based payment reserve. The fair value of finders' warrants issued has been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2015
Risk-free interest rate	0.97%
Expected life (in years)	1.00
Expected volatility	95%

The weighted average fair value of finders' warrants issued during the period ended January 31, 2015 was $0.02 per warrant.

13. Commitments

a) On June 8, 2015, the Company entered into a sales distribution agreement with Polaris Guidance Products, LLC (“Polaris”) for an initial term of one year. The agreement will be automatically renewed for an additional year and each year thereafter. Pursuant to the agreement, the Company was granted the right to purchase Polaris’ complete line of remote drilling systems for resale to third parties in North, Central and South America at prices as the Company may deem appropriate or reasonable. Furthermore, the Company is entitled to receive 15% of the subscriptions it obtains from its customers for and on behalf of Polaris which relate to Polaris’ WITSML Server.

b) On September 18, 2015, the Company entered into a participation agreement with Steve Resendez (“Resendez”) and Rodney Upchurch (“Upchurch”) pursuant to the Purchase Agreement with Terra Recovery Systems, LLC (“Terra”) (Note 8). Pursuant to the participation agreement, the Company employed Resendez to assist in promoting, marketing, selling and/or leasing the Helix tool, in consideration for a 33 1/3% undivided interest in net profits from the Helix tools and salary of $7,500 per month. In addition, the Company provided Upchurch a 33 1/3% undivided interest in net profits from the Helix tools in consideration for $70,000 and the payment of one-half of Resendez’s salary until the Helix tools become profitable. The $70,000 payment is due upon receipt of Terra of the payment due under the purchase agreement from the Company, in which Upchurch’s shareholder loan will be repaid. The participation agreement has a term to December 31, 2030.

14. Capital Management

The Company regards its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company will require capital resources to carry its plans and operations through its current operating period. There were no changes to its capital management during the year ended January 31, 2016.

15. Financial Instruments

a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at January 31, 2016, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2016 $
Cash	53,855	–	–	53,855

The fair values of other financial instruments, which include accounts receivable, short-term investment, accounts payable, notes payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. The Company limits exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. The carrying amount of financial assets represents the maximum credit exposure.

c) Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to currency risk from revenue and purchase transactions, as well assets and liabilities, denominated in US dollars. The impact of a 10% increase in the United States foreign exchange rate on assets and liabilities denominated in US dollars would result in an increase in net loss of $65,318. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(Expressed in Canadian dollars)

16. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2016 $	2015 $
Statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(564,144)	(110,940)
Permanent differences and other	44,033	(2,912)
Temporary differences	110,988	–
Change in valuation allowance	409,123	113,852
Deferred income taxes recovered	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2016 $	2015 $
Non-capital loss	384,726	86,987
Property and equipment	28,246	48
Intangible assets	108,256	24,487
Share issuance costs	1,747	2,330
Valuation allowance	(522,975)	(113,852)
Deferred income taxes recovered	–	–

As of January 31, 2016, the Company has non-capital tax losses of approximately $1,480,000 that may be offset against future Canadian and United States taxable income. These losses expire commencing in 2035.

17. Segmented Reporting

January 31, 2016

	United States $	Canada $	Total $
Non-current Assets:			
Equipment	41,143	176,246	217,389
Intangible assets	152,315	524,387	676,702
	193,458	700,633	894,091

During the year ended January 31, 2016 one customer represented 91% of the Company's revenue.

January 31, 2015

	United States $	Canada $	Total $
Non-current Assets:			
Equipment	–	353,154	353,154
Intangible assets	–	830,820	830,820
	–	1,183,974	1,183,974

18. Subsequent Event

Subsequent to the year ended January 31, 2016, a total of 2,055,980 warrants exercisable at $0.20 per share expired unexercised.