

# **GLOBAL REMOTE TECHNOLOGIES, LTD.**

Interim Consolidated Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of Management of Global Remote Technologies, Ltd., and have not been reviewed by the Company's independent auditors.

**GLOBAL REMOTE TECHNOLOGIES, LTD.**

Interim consolidated statements of financial position  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	April 30, 2017 \$	January 31, 2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	7,423	789
Promissory note receivable	27,316	26,072
Short-term investment (Note 3)	1	1
<b>Total current assets</b>	<b>34,740</b>	<b>26,862</b>
<b>Non-current assets</b>		
Equipment (Note 4)	239	299
<b>Total non-current assets</b>	<b>239</b>	<b>299</b>
<b>Total assets</b>	<b>34,979</b>	<b>27,161</b>
<b>Liabilities and shareholders' deficit</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	66,498	61,650
Due to related parties (Note 6)	1,435,582	1,253,437
Notes payable (Note 7)	113,234	88,506
<b>Total liabilities</b>	<b>1,615,314</b>	<b>1,403,593</b>
<b>Shareholders' equity</b>		
Share capital	2,477,942	2,477,942
Equity reserves	42,855	39,386
Deficit	(4,101,132)	(3,893,760)
<b>Total shareholders' equity</b>	<b>(1,580,335)</b>	<b>(1,376,432)</b>
<b>Total liabilities and shareholders' equity</b>	<b>34,979</b>	<b>27,161</b>

Nature of operations and going concern (Note 1)

Subsequent event (Note 15)

Approved and authorized for issuance by the Board of Directors on July 14, 2017:

/s/ "Chris Dorris"

Chris Dorris, Director

/s/ "Rebecca Kingery"

Rebecca Kingery, Director

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

**GLOBAL REMOTE TECHNOLOGIES, LTD.**

Interim consolidated statements of comprehensive loss

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ended April 30, 2017 \$	Three Months Ended April 30, 2016 \$
Revenue	-	3,103
Expenses		
Amortization of equipment (Note 4)	60	43,987
Amortization of intangible assets	-	77,083
Foreign exchange loss (gain)	62,169	(63,232)
Interest expense (Note 7)	1,603	151
Office and general	12,627	1,673
Professional fees (Note 6)	23,436	6,100
Salaries and wages (Note 6)	107,477	4,933
Share-based compensation	-	25,717
Total expenses	207,372	96,412
Net loss from continuing operations	(207,372)	(93,309)
Discontinued operations		
Net loss from discontinued operations (Note 14)	-	(210,350)
Net loss for the period	(207,372)	(303,659)
Other comprehensive income	-	12,596
Net loss and comprehensive loss for the period	(207,372)	(291,063)
Basic and diluted loss per share – continuing operations	(0.00)	(0.00)
Basic and diluted loss per share – discontinued operations	(0.00)	(0.00)
Weighted average number of shares outstanding	42,071,338	42,071,338

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

**GLOBAL REMOTE TECHNOLOGIES, LTD.**

Interim consolidated statement of changes in deficit

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Equity reserves \$	Deficit \$	Accumulated other comprehensive income \$	Total shareholders' deficit \$
	Number of shares	Amount \$				
Balance, January 31, 2016	42,071,338	2,477,942	1,932	(2,596,474)	94,707	(21,893)
Share-based compensation	–	–	25,717	–	–	25,717
Net loss for the period	–	–	–	(303,659)	12,596	(291,063)
Balance, April 30, 2016	42,071,338	2,477,942	27,649	(2,900,133)	107,303	(287,239)
Balance, January 31, 2017	42,071,338	2,477,942	39,386	(3,893,760)	–	(1,376,432)
Discount recognized upon issuance of notes payable	–	–	3,469	–	–	3,469
Net loss for the period	–	–	–	(207,372)	–	(207,372)
Balance, April 30, 2017	42,071,338	2,477,942	42,855	(4,101,132)	–	(1,580,335)

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

**GLOBAL REMOTE TECHNOLOGIES, LTD.**

Interim consolidated statements of cash flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ended April 30, 2017 \$	Three Months Ended April 30, 2016 \$
Operating activities		
Net loss from continuing operations	(207,372)	(93,309)
Items not involving cash:		
Amortization of equipment	60	43,987
Amortization of intangible assets	–	77,083
Non-cash interest expense	1,603	–
Share-based compensation	–	25,717
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	4,848	(27,543)
Accounts receivable	–	77,750
Due to related parties	122,338	(88,659)
Net cash (used in) provided by operating activities – continuing operations	(78,523)	15,026
Net cash used in operating activities – discontinued operations	–	(24,792)
Net cash used in operating activities	(78,523)	(9,766)
Financing activities		
Proceeds from notes payable	26,594	89,985
Net cash provided by financing activities	26,594	89,985
Effect of foreign exchange on cash	58,563	(73,087)
Increase in cash	6,634	7,132
Cash, beginning	789	53,855
Cash, ending	7,423	60,987
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

# GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

## 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 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 interim 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 April 30, 2017, the Company had accumulated losses of \$4,101,132. 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 interim consolidated financial statements have been prepared in accordance IAS 34, *Interim Financial Reporting*.

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, GRT. All intercompany transactions have been eliminated on consolidation. Effective January 31, 2017, the Company’s formerly wholly-owned subsidiary, Global Remote Technologies, LLC, was dissolved.

### b) Basis of Presentation and Functional Currency

The interim 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 former US subsidiary was the United States dollar.

### c) Use of Estimates, Assumptions and Judgements

The preparation of the interim consolidated financial statements in conformity with IFRS requires the Company’s management to make 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.

Significant areas requiring the use of estimates include the useful life and amortization of equipment and intangible assets, measurement of share-based payments, and deferred income tax asset valuation allowances.

The preparation of interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. 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 notes payable and share-based payments.

## GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (continued)

#### d) Recent Accounting Pronouncements

The following new standards, and amendments to standards and interpretations, are effective for annual periods beginning after April 30, 2017 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. Short-term Investment

	April 30, 2017, and January 31, 2017	
	Cost	Fair value
	\$	\$
Available-for-sale securities:		
Voltaire Services Corp. - 1,000 common shares	1	1
Total	1	1

### 4. Equipment

Equipment are comprised of the following:

	Prospector Demo Kits \$	Terra Ferma Equipment \$	Furniture and Equipment \$	Total \$
<b>Cost:</b>				
Balance, January 31, 2017	168,000	181,501	4,059	353,560
Additions	–	–	–	–
Balance, April 30, 2017	168,000	181,501	4,059	353,560
<b>Amortization:</b>				
Balance, January 31, 2017	168,000	181,501	3,760	353,261
Additions	–	–	60	60
Balance, April 30, 2017	168,000	181,501	3,820	353,321
<b>Net Book Value:</b>				
Balance, January 31, 2017	–	–	299	299
Balance, April 30, 2017	–	–	239	239

## GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### 5. Intangible Assets

Intangible assets are comprised of the following:

	Prospector License \$	Terra Ferma License \$	Total \$
<b>Cost:</b>			
Balance, January 31, 2017	629,322	79,624	708,946
Additions	–	–	–
Balance, April 30, 2017	629,322	79,624	708,946
<b>Amortization:</b>			
Balance, January 31, 2017	629,322	79,623	708,946
Additions	–	–	–
Balance, April 30, 2017	629,322	79,623	708,946
<b>Net Book Value:</b>			
Balance, January 31, 2017	–	–	–
Balance, April 30, 2017	–	–	–

### 6. Related Party Transactions

- As at April 30, 2017, the Company owed \$580,465 (US\$425,000) (January 31, 2017 – \$554,030 (US\$425,000)) to Prospector for the remaining consideration required under the agreement to acquire the Prospector License. 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 \$580,465 (US\$425,000) to May 1, 2017. Additionally, at April 30, 2017, the Company owed \$17,309 (US\$12,674) (January 31, 2017 – \$17,103 (US\$13,120)) to Prospector for payments made on behalf of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.
- On October 1, 2014, the Company entered into an employment agreement with the Chief Executive Officer (“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 three months ended April 30, 2017, the Company incurred salaries and wages of \$55,049 (2016 - \$52,223) to the CEO of the Company. As at April 30, 2017, the Company owed \$524,054 (US\$383,697) (January 31, 2017 – \$230,983 (US\$167,417)) 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 \$85,363 (US\$62,500) of the total owing to May 1, 2017.
- On September 1, 2015, the Company entered into an employment agreement with the President 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 three months ended April 30, 2017, the Company incurred salaries and wages of \$52,428 (2016 - \$41,447) to the President of the Company. As at April 30, 2017, the Company owed \$313,754 (US\$229,722) (January 31, 2017 – \$242,074 (US\$185,697)) to the President of the Company, which is unsecured, non-interest bearing, and due on demand.
- During the three months ended April 30, 2017, the Company incurred professional fees of \$1,200 (2016 - \$6,673) to the CFO of the Company. At April 30, 2017, the Company owed \$7,200 (January 31, 2017 – \$3,599) to the CFO of the Company, which is included in accounts payable and accrued liabilities. The balance is unsecured, non-interest bearing, and due on demand.

# GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

## 6. Related Party Transactions (continued)

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 three months ended April 30, 2017 and 2016:

	April 30, 2017 \$	April 30, 2016 \$
Salaries paid or accrued to President and Director	52,428	41,447
Salaries paid or accrued to CEO and Director	55,049	52,223
Fees paid to CFO	1,200	6,673
	108,678	100,343

## 7. Notes Payable

- a) On March 18, 2016, the Company entered into two promissory notes for a total principal amount of \$89,985. The notes are non-interest bearing, unsecured and due on or before March 18, 2017. At March 18, 2016, the promissory notes had a fair value of \$77,248, resulting in the recognition of a discount of \$11,737 upon issuance, which will be amortized over the term of the loan. During the three months ended April 30, 2017, the Company recognized accretion of the discount of \$1,479, which has been recorded as interest expense. At April 30, 2017, the carrying value of the promissory notes was \$89,985 (January 31, 2017 - \$88,506).
- b) On April 17, 2017, the Company entered into a promissory note for a principal amount of \$26,594. The note is non-interest bearing, unsecured and due on or before October 14, 2017. At April 17, 2017, the promissory note had a fair value of \$23,125, resulting in the recognition of a discount of \$3,469 upon issuance, which will be amortized over the term of the loan. During the three months ended April 30, 2017, the Company recognized accretion of the discount of \$124, which has been recorded as interest expense. At April 30, 2017, the carrying value of the promissory note was \$23,249.

## 8. Share Capital

Authorized: Unlimited common shares without par value

There were no share capital transactions during the three months ended April 30, 2017.

## 9. Share Purchase Warrants

The following table summarizes information about the warrants issued:

	Number of warrants	Weighted average exercise price \$
Outstanding, January 31, 2017	1,256,600	0.24
Expired	—	—
Outstanding, April 30, 2017	1,256,600	0.24

The following table summarizes information about warrants outstanding as at January 31, 2017:

Exercise price	Expiry date	Warrants outstanding April 30, 2017
\$ 0.24	July 3, 2017 *	1,256,600

\* Expired subsequently without exercise.

## GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

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### 10. Stock Options

The Company has a stock option plan that provides for the issuance of options to its directors, officers and employees. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares of the Company at any point in time. The term of the options must be no longer than 10 years and the directors determine the vesting period.

The following table summarizes information about the options at April 30, 2017, and January 31, 2017, and the changes for the periods then ended:

	April 30, 2017		January 31, 2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding – Beginning of period	200,000	0.25	–	–
Granted	–	–	200,000	0.25
Expired	(200,000)	0.25	–	–
Options outstanding – End of period	–	–	200,000	0.25
Options exercisable – End of period	–	–	200,000	0.25

The Company's stock options are exercisable only for common shares.

### 11. 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 on deposit in an interest bearing Canadian chartered bank account.

The Company will require capital resources to carry out its plans and operations through its current operating period. There were no changes to its capital management during the period ended April 30, 2017. The Company is not subject to externally imposed capital requirements.

### 12. 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 April 30, 2017, as follows:

	Fair Value Measurements Using			Balance, April 30, 2017
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash	7,423	–	–	7,423

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

## GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

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### 12. Financial Instruments (continued)

#### 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 assets and liabilities denominated in US dollars. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management believes that the risk from fluctuations in foreign exchange rates is not significant.

#### 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.

#### e) Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	April 30, 2017	January 31, 2017
Financial assets classified as fair value through profit or loss:		
Cash	\$ 7,423	\$ 789
Non-derivative financial liabilities:		
Trade payables	\$ 66,498	\$ 61,650
Due to related parties	1,435,582	1,253,437
Notes payable	113,234	88,506
	\$ 1,615,314	\$ 1,403,593

### 13. Segmented Reporting

<i>April 30, 2017</i>	United States \$	Canada \$	Total \$
Non-current Assets:			
Equipment	–	239	239
<i>April 30, 2016</i>	United States \$	Canada \$	Total \$
Non-current Assets:			
Equipment	36,348	132,260	168,608
Intangible assets	127,049	447,304	574,353
Total Assets	163,397	579,564	742,961

## GLOBAL REMOTE TECHNOLOGIES, LTD.

Notes to the interim consolidated financial statements

For the three month period ended April 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

### 14. Discontinued Operations

On January 31, 2017, the Company dissolved its formerly wholly-owned subsidiary, GRT LLC, which was solely incorporated for the purpose of carrying on the business of the Helix-related assets. Upon dissolution of the subsidiary, the Company recognized a gain on dissolution of \$123,064.

Analysis of the result of discontinued operations is as follows:

	Three Months Ended April 30, 2017 \$	Three Months Ended April 30, 2016 \$
Revenue	–	20,335
Expenses		
Amortization of equipment	–	540
Amortization of intangible assets	–	9,947
Office and general	–	66,123
Professional fees	–	8,240
Salaries and wages	–	115,843
Subcontract services	–	14,254
Travel expense	–	15,738
Total expenses	–	230,685
Net loss from discontinued operations	–	(210,350)

Cash flows:

	Three Months Ended April 30, 2017 \$	Three Months Ended April 30, 2016 \$
Operating activities		
Net loss from discontinued operations	–	(210,350)
Items not involving cash:		
Amortization of equipment	–	540
Amortization of intangible assets	–	9,947
Changes in non-cash operating working capital:		
Accounts receivable	–	40,397
Accounts payable and accrued liabilities	–	(4,455)
Due to related parties	–	139,129
Net cash used in operating activities – discontinued operations	–	(24,792)

### 15. Subsequent Event

Subsequent to April 30, 2017, a total of 1,256,600 warrants exercisable at \$0.24 per share expired unexercised.