**Internet of Things Inc.**

**(formerly HTN Inc.)**

**Financial Statements**

**January 31, 2015 and 2014**

Internet of Things Inc. (formerly HTN Inc.)

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# Independent Auditors' Report

To the Shareholders of Internet of Things Inc. (formerly HTN Inc.)

We have audited the accompanying financial statements of Internet of Things Inc. (formerly HTN Inc.), which comprise the statements of financial position as at January 31, 2015 and 2014, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Internet of Things Inc. (formerly HTN Inc.) as at January 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Internet of Things Inc.'s (formerly HTN Inc.) ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
June 1, 2015

MNP LLP

**Statements of Financial Position**

| | | **January 31, 2015** | | January 31, 2014 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash | **$** | **4,771** | $ | - |
| Accounts receivable | | **19,509** | | 25,367 |
| | **$** | **24,280** | $ | 25,367 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Bank overdraft | **$** | **-** | $ | 1,546 |
| Accounts payable and accrued liabilities *(note 6)* | | **230,326** | | 83,732 |
| Loans payable *(note 4)* | | **13,386** | | 2,325 |
| Loans from related parties *(note 6)* | | **31,094** | | 8,625 |
| | | **274,806** | | 96,228 |
| **Equity** | | | | |
| Share capital *(note 5)* | | **6,440,259** | | 6,440,259 |
| Contributed surplus | | **2,000** | | - |
| Warrants reserve | | **-** | | 2,000 |
| Deficit | | **(6,692,785)** | | (6,513,120) |
| | | **(250,526)** | | (70,861) |
| | **$** | **24,280** | $ | 25,367 |

***Going concern*** *(note 1)*
***Subsequent events*** *(note 9)*

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

Approved by the Board

Signed: ***"Michael Frank"***

Director

Signed: ***"Millard Roth"***

Director

Internet of Things Inc. (formerly HTN Inc.)

**Statements of Changes in Equity**
*for the years ended January 31, 2015 and 2014*

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Contributed Surplus** | **Warrants Reserve** | **Deficit** | **Total** |
| **Balance, January 31, 2013** | **102,417,557** | **$6,265,759** | **$** | **$ -** | **$(6,395,904)** | **$(130,145)** |
| Private placement June 20, 2013 | 38,260,000 | 178,000 | - | 2,000 | - | 180,000 |
| Share issuance costs | - | (3,500) | - | - | - | (3,500) |
| Net loss and comprehensive loss for the year | - | - | - | - | (117,216) | (117,216) |
| **Balance, January 31, 2014** | **140,677,557** | **$6,440,259** | **$ -** | **$2,000** | **($6,513,120)** | **($70,861)** |
| Expiration of Warrants | - | - | 2,000 | (2,000) | - | - |
| Net loss and comprehensive loss for the year | - | - | | - | (179,665) | (179,665) |
| **Balance, January 31, 2015** | **140,677,557** | **$6,440,259** | **$2,000** | **$ -** | **($6,692,785)** | **$ (250,526)** |

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

**Statements of Loss and Comprehensive Loss**
*for the years ended January 31, 2015 and 2014*

| | | **2015** | | 2014 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Management fees *(note 6)* | **$** | **60,000** | $ | 52,850 |
| Professional and consulting fees | | **86,503** | | 49,527 |
| General and administrative expenses | | **30,750** | | 13,115 |
| Bank charges and interest *(note 6)* | | **2,412** | | 1,724 |
| **Net loss and comprehensive loss for the year** | **$** | **(179,665)** | $ | (117,216) |
| **Loss per share - basic and diluted** | **$** | **0.00** | $ | 0.00 |
| **Weighted average number of common shares - basic and diluted** | | **140,677,557** | | 126,042,584 |

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

**Statements of Cash Flows**
*for the years ended January 31, 2015 and 2014*

| | | **2015** | | 2014 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Net loss for the year | **$** | **(179,665)** | $ | (117,216) |
| Changes in non-cash working capital: | | | | |
| Decrease (increase) in accounts receivable | | **5,858** | | (25,367) |
| Increase (decrease) in accounts payable and accrued liabilities | | **146,594** | | (26,965) |
| | | **(27,213)** | | (169,548) |
| **Cash flow from financing activities** | | | | |
| Proceeds from private placement, net | | **-** | | 176,500 |
| Increase in (repayment of) in loans payable | | **11,061** | | (13,826) |
| Increase in loans to related parties | | **22,469** | | 4,426 |
| (Decrease) increase in bank overdraft | | **(1,546)** | | 1,546 |
| | | **31,984** | | 168,646 |
| **Increase (decrease) in cash** | | **4,771** | | (902) |
| **Cash, beginning of year** | | **-** | | 902 |
| **Cash, end of year** | **$** | **4,771** | $ | - |

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

## 1. Corporate Information and Going Concern

Internet of Things Inc. (formerly HTN Inc.) ("the Company" or "IoT Inc") was incorporated on September 27, 1994. The principal address, registered office, and records of the Company are located at 151 Bloor Street West, Suite 703, Toronto, Ontario, Canada, M5S 1S4.

As a result of a strategic review, on July 8, 2011 the Company entered into an asset purchase agreement (the "Agreement" or "APA") with an arm's length Ontario based Private Corporation to sell all of the operating assets of its wholly-owned subsidiary HTN Ontario Inc. in exchange for cash proceeds of $1.6 million. On August 31, 2011 the Board approved the sale.

The Company used the proceeds from the sale of the assets to discharge all liabilities remaining in the Company. HTN Ontario Inc. was wound-up and dissolved on January 31, 2012. A return of capital in the amount of $819,341 was distributed to the Company's shareholders based on the remaining cash proceeds less a reasonable operating allowance. IoT Inc. then continued to operate as a publicly traded company while it sought out a possible transaction. Subsequent to the year end, a transaction was completed as described in Note 9 of the financial statements.

The accompanying financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has incurred losses amounting to $6,692,785 since its inception and has a working capital deficiency of $250,526. Further, as a result of the disposition of the Company's operating assets as described above, the Company no longer has assets to generate profitable operations. The ability of the Company to continue as a going concern is dependent upon pursuing future transactions that would provide the means of generating profitable operations, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. All of these outcomes are uncertain and cast significant doubt over the ability of the Company to continue as a going concern.

These financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses, or to the related statements of financial position and of loss and comprehensive loss, that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

## 2. Statement of Compliance and Basis of Preparation

### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

### Basis of Preparation

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

The currency of presentation for these financial statements is the Canadian dollar.

These financial statements were approved by the Company's Board of Directors and authorized for issue on June 1, 2015.

## 3. Summary of Significant Accounting Policies

**Financial Instruments**

***Financial assets***

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss ("FVTPL")* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows from a financial asset or a group of financial assets has been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

***Financial liabilities***

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the corresponding asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss ("FVTPL")* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

*Other financial liabilities* - This category includes all other financial liabilities, all of which are recognized at amortized cost.

## 3. Summary of Significant Accounting Policies - continued

**Financial Instruments - continued**

The Company's financial instruments consist of the following:

| Financial assets: | Classification: |
|---|---|
| Cash | FVTPL |
| Accounts receivable | Loans and receivables |

| Financial liabilities: | Classification: |
|---|---|
| Bank overdraft | FVTPL |
| Accounts payable and accrued liabilities | other financial liabilities |
| Loans payable | Other financial liabilities |
| Loan from related parties | Other financial liabilities |

***Fair value hierarchy***

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's cash and bank overdraft are classified within level 1 of the fair value hierarchy.

**Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in deficiency in assets or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**Notes to Financial Statements**
*January 31, 2015 and 2014*

## 3. Summary of Significant Accounting Policies - continued

### Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Provisions and contingencies

Provisions are recognized when a legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision due to passage of time is recognized as interest expense.

When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the financial statements.

### Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings per share if their inclusion would be anti-dilutive.

## 3. Summary of Significant Accounting Policies - continued

**Standards and amendments effective in the current year**

The IASB issued new standards and amendments effective for, and adopted in the current year. The adoption of the following accounting policies had no impact on the Company's financial statements:

IFRS 10 Consolidated Financial Statements ("IFRS 10") establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidated – Special Purpose Entities".

IFRS 11 Joint Arrangements ("IFRS 11") establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers".

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13 Fair Value Measurements ("IFRS 13") defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRS that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

**Standards issued but not yet effective**

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB in its final form in July 2014, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The company intends to adopt the standard on its effective date and has not yet assessed its impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014, which replaces IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). It establishes a single, comprehensive framework for revenue recognition. This new standard is effective for the Company's financial statements commencing January 1, 2017. The Company intends to adopt the standard on its effective date and is assessing the impact on its financial statements and has not yet assessed its impact on the financial statements.

## 4. Loans Payable

The balance consists of unsecured demand loans bearing interest at 12% per annum. The principal balance is $12,700 (2014 - $2,250) and total accrued interest is $686 (2014 - $75).

## 5. Share Capital and Warrants Reserve

**Authorized**

| | |
|---|---|
| Unlimited | First Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors |
| Unlimited | Second Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors |
| Unlimited | Common shares |

**Transactions**

On June 20, 2013, the Company completed a private placement financing for gross proceeds of $180,000. The Company issued 36,000,000 units at a price of $0.005 per unit with each unit comprising one common share of the Company and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant entitled the holder to acquire one common share of the Company at an exercise price of $0.05 until June 20, 2014.

In connection with the private placement, the Company incurred $3,500 in issuance costs and issued 2,260,000 finders' units with each finders' unit comprising one common share and one warrant with the same terms as the Warrants above. In addition, the Company issued 2,260,000 Finders' Warrants (a "Finders' Warrant") which entitled the holder to acquire one common share of the Company at an exercise price of $0.075 for one year.

The fair values of the Warrants and Finders' Warrants were determined using the Black-Scholes option pricing model using the following assumptions:

| | **Warrants** | **Finders' Warrants** |
|---|---|---|
| Share price | $0.005 | $0.005 |
| Exercise price | $0.05 | $0.075 |
| Expected life | 1 year | 1 year |
| Volatility | 98% | 98% |
| Dividend yield | 0% | 0% |
| Interest rate | 1.2% | 1.2% |
| Fair Value | $0.0001 | $0.0000 |

The net proceeds of the private placement were allocated between the shares and the warrants based on their proportionate fair value with $174,500 allocated to the common shares and $2,000 allocated to the warrants. All Warrants expired on June 20, 2014.

## 6. Related Party Balances and Transactions

The Company considers its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to be key management. The Company incurred management fees in the amount of $30,000 (2014 - $30,000) to the CEO and $30,000 (2014 - $30,000) to the CFO. Included in accounts payable and accrued liabilities on January 31, 2015, is $54,400 (2014 - $19,775) payable to the CEO and $44,800 (2014 - $15,125) to the CFO.

The loans from related parties consist of unsecured demand loans from the CEO and CFO of the Company bearing interest at 12% per annum. The principal balances of each loan are CEO - $12,700, CFO - $16,700 (2014 – CEO - $4,200, CFO - $4,200) and total accrued interest on the loans is $1,694 (2014 - $225).

## 7. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rates is as follows:

| | **2015** | 2014 |
|---|---|---|
| Net loss before recovery of income taxes | **$ (179,665)** | $ (117,216) |
| Statutory rate | **26.5 %** | 26.5 % |
| Expected income tax recovery | **$ (47,610)** | $ (29,305) |
| Increase (decrease) resulting from: | | |
| Change in tax benefits not recognized | **63,879** | 29,250 |
| Tax rate changes and other adjustments | **(16,269)** | - |
| Non-deductible costs | **-** | 55 |
| Provision for income taxes (recovery) | **$ -** | $ - |

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | **2015** | 2014 |
|---|---|---|
| Non-capital losses carried forward | **$ 1,195,375** | $ 1,015,020 |
| Share issue costs | **$ 2,100** | $ 2,800 |
| Intangible assets | **$ 66,775** | $ 66,780 |

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2019.

The remaining deductible temporary differences may be carried forward indefinitely.

## 7. Income Taxes - continued

The Company's Canadian non-capital income tax losses expire as follows:

| | | |
|---|---|---|
| 2015 | $ | **12,358** |
| 2026 | | **3,675** |
| 2027 | | **78,063** |
| 2028 | | **124,326** |
| 2029 | | **342,149** |
| 2030 | | **98,824** |
| 2031 | | **69,320** |
| 2032 | | **29,153** |
| 2033 | | **139,446** |
| 2034 | | **117,696** |
| 2035 | | **180,365** |
| | **$** | **1,195,375** |

## 8. Financial Risk Management Objectives and Policies

**Capital management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders (note 1).

The Company includes deficiency in assets, comprised of issued common shares, warrants reserve, and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements.

**Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. As described in note 1, the Company has a working capital deficiency of $250,526 and requires the continuing financial support of shareholders or other investors or new financing on commercial terms acceptable to the Company.

**Fair value**

The fair value of the Company’s financial assets and financial liabilities approximate their recorded values at January 31, 2015 and 2014 due to their short-term nature.

## 9. Subsequent Events

**Change of Business**

On May 14, 2015, the Company received approval to transfer its listing from the NEX to the TSX Venture Exchange (the "**TSX-V**") following the closing of the Change of Business Transaction (**"COB"**) (as defined in TSX-V Policy 5.2) between the Company and Double Door Communications Inc. ("**Double Door**"). In conjunction with the COB, the Company raised a total of $525,000 in a private placement financing and will be listed as a Tier 2 issuer on the TSX-V.

**Transaction Details**

The COB involved the acquisition of all of the issued and outstanding common shares of Double Door by IoT Inc. As consideration, the Company issued an aggregate of 15,000,000 common shares of IoT Inc. to the former shareholders of Double Door, of which 5,000,000 common shares are subject to a performance escrow agreement between the vendors and the Company.

Concurrently with the closing of the COB, the Company completed a private placement financing of $525,000 of convertible debentures (the "**Convertible Debentures**"). The Convertible Debentures have a maturity date of two years from the date of issuance and pay interest at the rate of 12% per year, calculated and payable quarterly in arrears. All amounts owing under the Convertible Debentures are secured by a fixed and floating charge against the assets of IoT Inc.

The principal amount of the Convertible Debentures is convertible into units (the "**Units**") of IoT Inc. at a conversion price of $0.05 per Unit for the first 12 months, and thereafter at a price of $0.10 per Unit until maturity, with each Unit comprised of one common share of IoT Inc. and one common share purchase warrant (a "**Warrant**"). Each Warrant will be convertible into a common share of IoT Inc. at an exercise price of $0.075 per share for a period of three years from the date of issuance of the Convertible Debentures.

In connection with the Convertible Debenture financing, the Company paid cash finder fees of $500 and issued 20,000 finder warrants which are convertible into units for a period of two years at an exercise price of $0.05 per unit, with each unit comprised of one common share and one warrant, each warrant convertible into a common share for a period of two years at an exercise price of $0.075 per share. The Company has an aggregate of 156,077,557 common shares outstanding post-closing the COB.

Effective May 15, 2015, the common shares of IoT Inc. commenced trading on the TSX-V, under the trading symbol "ITT" following the issuance of the final TSX-V Bulletin in respect of the COB.

**Related Changes in Corporate Structure**

Concurrent with the closing of the COB, Double Door is now a wholly-owned subsidiary of IoT Inc. The Company continued under the Business Corporations Act (Ontario) ("OBCA") and changed its name to Internet of Things Inc. Upon the continuance becoming effective, the Articles of Continuance of the Company under the OBCA replaced the Articles of the Company under Alberta legislation, which among other things implemented By-law No. 1 as the general by-law of the Company.