

**SAGITTARIUS CAPITAL CORPORATION**

(A capital pool corporation)

Financial Statements

For the Three and Nine Months period ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

**NOTICE TO READER**

The unaudited condensed interim financial statements for the period ended September 30, 2017 have been prepared by management and have not been audited or reviewed by the Company's auditor.

## CONTENTS

Unaudited Condensed Interim Statements of Financial Position	<b>1</b>
Unaudited Condensed Interim Statements of Operations and Comprehensive Loss	<b>2</b>
Unaudited Condensed Interim Statements of Changes in Equity	<b>3</b>
Unaudited Condensed Interim Statements of Cash Flows	<b>4</b>
Notes to Unaudited Condensed Interim Financial Statements	<b>5 -10</b>

## Sagittarius Capital Corporation

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### Unaudited Condensed Interim Statements of Financial Position (Expressed in Canadian dollars)

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<b>Assets</b>	<b>Note</b>	<b>September 30, 2017 (Unaudited) \$</b>	<b>December 31, 2016 (Audited) \$</b>
<b>Current assets</b>			
Cash	6	3,978	1,291
HST and other receivables		606	1,319
<b>Total assets</b>		<b>4,584</b>	<b>2,610</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		52,885	34,131
		<b>52,885</b>	<b>34,131</b>
<b>Shareholders' deficiency</b>			
Share capital	4	620,194	620,194
Share option reserve	4	93,240	93,240
Accumulated deficit		(761,735)	(744,955)
Total shareholders' deficiency		(48,301)	(31,521)
<b>Total liabilities and shareholders' deficiency</b>		<b>4,584</b>	<b>2,610</b>

*Nature of Operations and Going Concern (note 1)*

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_  
"BRIAN PRESEMENT"  
DIRECTOR

\_\_\_\_\_  
"CHRIS HAZELTON"  
DIRECTOR

## Sagittarius Capital Corporation

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Unaudited Condensed Interim Statements of Operations and Comprehensive Loss  
For the three and nine months ended September 30, 2017 and 2016  
(Expressed in Canadian dollars)

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	Notes	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$	Nine months ended September 30, 2017 \$	Nine months ended September 30, 2016 \$
<b>Expenses</b>					
Professional fees		3,777	2,500	10,094	13,451
Filing fees		1,250	1,250	6,493	6,393
Office and general		51	206	193	322
<b>Total expenses</b>		<b>5,078</b>	<b>3,956</b>	<b>16,780</b>	<b>20,166</b>
<b>Interest income</b>		-	-	-	-
<b>Net loss and comprehensive loss</b>		<b>(5,078)</b>	<b>(3,956)</b>	<b>(16,780)</b>	<b>(20,166)</b>
<b>Loss per share</b>		<b>(0.001)</b>	<b>(0.001)</b>	<b>(0.005)</b>	<b>(0.005)</b>
<b>Weighted Average Number of Shares Outstanding</b>					
<b>Basic and diluted</b>		<b>3,690,000</b>	<b>4,190,000</b>	<b>3,690,000</b>	<b>4,190,000</b>

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

## Sagittarius Capital Corporation

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Unaudited Condensed Interim Statements of Changes in Equity  
For the nine months ended September 30, 2017 and 2016  
(Expressed in Canadian dollars)

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	Share capital Number of Shares #	Share capital Amount \$	Share option reserves \$	Accumulate d deficit \$	Total \$
<b>Balance at January 1, 2016</b>	<b>4,190,000</b>	<b>620,194</b>	<b>93,240</b>	<b>(719,097)</b>	<b>(5,663)</b>
Net loss for the period	-	-	-	(20,166)	(20,166)
<b>Balance at September 30, 2016</b>	<b>4,190,000</b>	<b>620,194</b>	<b>93,240</b>	<b>(739,263)</b>	<b>(25,829)</b>
<b>Balance at December 31, 2016</b>	<b>4,190,000</b>	<b>620,194</b>	<b>93,240</b>	<b>(744,955)</b>	<b>(31,521)</b>
Net loss for the period	-	-	-	(16,780)	(16,780)
<b>Balance at September 30, 2017</b>	<b>4,190,000</b>	<b>620,194</b>	<b>93,240</b>	<b>(761,735)</b>	<b>(48,301)</b>

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

## Sagittarius Capital Corporation

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Unaudited Condensed Interim Statements of Cash Flows  
For the three and nine months ended September 30, 2017 and 2016  
(Expressed in Canadian dollars)

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	<b>Three months ended September 30, 2017 \$</b>	Three months ended September 30, 2016 \$	<b>Nine months ended September 30, 2017 \$</b>	Nine months ended September 30, 2016 \$
<b>Cash Flows from Operating Activities</b>				
Net loss	(5,078)	(3,956)	(16,780)	(20,166)
Adjustments for:				
Changes in non-cash working capital items:				
HST and other receivables	2,273	129	713	(344)
Accounts payables and accrued liabilities	5,633	4,729	18,754	17,833
Net funds generated from (used in) operating activities	2,828	902	2,687	(2,677)
<b>Net increase (decrease) in cash</b>	<b>2,828</b>	902	<b>2,687</b>	(2,677)
<b>Cash – beginning of period</b>	<b>1,150</b>	446	<b>1,291</b>	4,025
<b>Cash – end of period</b>	<b>3,978</b>	1,348	<b>3,978</b>	1,348

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

# Sagittarius Capital Corporation

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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## 1. Nature of Operations and Going Concern

Sagittarius Capital Corporation (the “Company” or “Sagittarius”) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

The Company’s registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

There is no assurance that the Company will identify a Qualifying Transaction under the policies of the Exchange. If a qualifying transaction is not completed, the Company will need to identify other sources of finance to remain a going-concern entity.

These financial statements are prepared on the assumption that the Company is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. Over the past two years the Company has incurred losses including operating losses for the nine months ended September 30, 2017 and 2016 of \$16,780 and \$20,166 respectively. As a result, the Company has an accumulated deficit of \$761,735 (December 31, 2016 - \$744,955) and a working capital deficiency of \$48,301 as at September 30, 2017 (December 31, 2016 - \$31,521). The Company has taken and continues to take steps to reduce these losses. However, losses are expected to continue for the 2017 fiscal year. As a result, there is substantial doubt surrounding the Company’s ability to continue as a going concern. In order to rectify these problems, the Company will require additional financing. Failure to obtain such financing could result in delay or indefinite postponement of the Company’s strategic goals. These financial statements do not include any adjustments relative to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

On May 28, 2010, the shareholders of the Company authorized management to transfer the Company’s shares to the NEX board and cancel 50% or 500,000 seed common shares held by current and past directors and officers of the Company for failing to complete a Qualifying Transaction within the prescribed time limit under Exchange policy.

## 2. Basis of Presentation

### Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were authorized for issuance by the Board of Directors of the Company on November 28, 2017.

## **Sagittarius Capital Corporation**

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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### **2. Basis of Presentation (continued)**

#### **Basis of measurement and functional currency**

The financial statements are prepared on the historical cost basis. The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The financial statements are presented in Canadian dollars, the Company's functional currency.

### **3. Summary of Significant Accounting Policies**

#### **Accounting estimates and judgments**

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The 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 if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements, with exception to accounts payable and accrued liabilities, deferred taxes and the going concern assumption.

#### **Income Taxes**

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations and comprehensive loss in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## **Sagittarius Capital Corporation**

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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### **3. Significant Accounting Policies (continued)**

#### **Financial Instruments**

All financial instruments are classified into one of the following categories: fair value through profit and loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Loans and receivables, held-to-maturity investments, and other financial liabilities are initially measured at fair value and then at amortized cost. FVTPL financial instruments are subsequently re-measured at fair value and all gains and losses are included in net income or loss in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income or loss until the instrument is derecognized or impaired. Cash and cash equivalents are classified as FVTPL. Accounts payable and accrued liabilities are classified as other financial liabilities.

IFRS 7 ‘Financial Instruments: Disclosures’ establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2017 and 2016, the Company does not have any financial instruments carried at fair value and that require reclassification within the fair value hierarchy.

#### **Loss per Share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. As at September 30, 2017 and 2016, the Company did not have any warrants or options outstanding.

#### **Comprehensive Income**

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet or impaired. At present, the Company has no other comprehensive income or loss.

## Sagittarius Capital Corporation

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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### 3. Significant Accounting Policies (continued)

#### Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received.

#### Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits. As at September 30, 2017 and 2016, the Company did not have any cash equivalents.

#### Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2017. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following has not yet been adopted and is being evaluated to determine its impact on the Company.

IFRS 9 'Financial Instruments' ("IFRS 9") was issued in final form in July 2014 by the IASB and will replace IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

### 4. Share Capital

Authorized: Unlimited number of common shares without par value

Issued and outstanding:

	<u>No. of Shares</u>	<u>Amount</u>
December 31, 2016 and September 30, 2017	<u>4,190,000</u>	<u>\$ 620,194</u>

- (i) The Company had issued 1,000,000 common seed shares, of which 500,000 were cancelled in 2010 (see (ii) below).

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and they are not considered to be outstanding shares for purposes of loss per share calculation.

## **Sagittarius Capital Corporation**

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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### **4. Capital Stock (continued)**

- (ii) At an Annual and Special Meeting of Shareholders held on May 28, 2010, a resolution was ratified cancelling 50% or 500,000 seed common shares for failing to complete a Qualifying Transaction within the prescribed period of time under the Exchange policies. These common shares were initially issued at \$0.10 per share with total face value of \$50,000.

#### **a) Stock Options**

The Company awards stock options to officers and directors under an incentive stock plan (the "Plan"). Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Compensation expense is recognized when options are vested. The Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five years from the date of grant.

As at September 30, 2017 and 2016, the Company has no stock option issued and outstanding.

### **5. Capital Management**

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

The Company considers share capital, share option reserve and accumulated deficit in the amount of \$48,301 (December 31, 2016 - \$31,521) to represent capital.

### **6. Cash Restriction**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until Completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. As of September 30, 2017, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

### **7. Financial Instruments and Financial Risk Management**

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk as follows:

#### **a) Fair Value**

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments. There have been no significant changes in the risks, objectives, policies and procedures during the nine months ended September 30, 2017 and 2016.

## **Sagittarius Capital Corporation**

Notes to Financial Statements

September 30, 2017 and 2016

Unaudited

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### **7. Financial Instruments and Financial Risk Management (continued)**

#### b) Credit Risk

The Company manages the credit exposure related to cash of \$3,978 as at September 30, 2017 by making sure that the Company maintains bank accounts with Schedule 1 banks in Canada. The carrying amount of cash represents the maximum credit exposure.

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. All of the Company's accounts payable and accrued liabilities are due within one year, and within their due dates.

### **8. Related Party Transactions**

Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

During the nine months period ended September 30, 2017, the Company incurred accounting fees of \$7,500 (2016 - \$7,500) to Branson Corporate Services ("Branson"), a Company in which a related director has a non-controlling indirect interest. As at September 30, 2017, \$23,292 (2016 - \$8,475) is included in accounts payable and accrued liabilities, payable to Branson.

The Company also incurred legal fees and disbursements of \$3,986 (2016 - \$9,269) to Folger, Rubinoff LLP ("Fogler"), a law firm in which a director of the Company is a Partner. As at September 30, 2017, \$5,357 (2016 - \$6,626) is included in accounts payable and accrued liabilities, payable to Fogler.

The Company also received advances from a director to pay for audit fees and filing fees totaling \$10,177 during the nine months ended September 30, 2017. As at September 30, 2017, \$12,820 (2016 - \$2,643) is included in accounts payable and accrued liabilities. The advances are unsecured, non-interest bearing and payable on demand.

There was no remuneration paid to directors and key management personnel during the nine months ended September 30, 2017 and 2016.