

**WINDFIRE CAPITAL CORP.  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

**(Expressed in Canadian Dollars)**

**WINDFIRE CAPITAL CORP.**

December 31, 2017

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(Expressed in Canadian Dollars)

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## **Independent Auditor's Report**

### **To the Shareholders of Windfire Capital Corp.**

We have audited the accompanying financial statements of Windfire Capital Corp., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive income (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.

#### **Auditor's 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 auditor's 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 auditor considers 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 in our audits 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 Windfire Capital Corp. as at December 31, 2017 and December 31, 2016 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 describes the material uncertainties that may cast significant doubt about the ability of Windfire Capital Corp. to continue as a going concern.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, British Columbia  
April 25, 2018**

**WINDFIRE CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	<b>December 31,</b> <b>2017</b>	December 31, 2016
	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash (Note 3)	404,860	14,453
Receivables	1,397	275
Advances and deposits (Note 4)	-	133,750
	406,257	148,478
Equipment	43	62
	406,300	148,540
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	64,048	71,496
Refundable deposits (Note 6)	197,100	25
Loan payable (Note 7)	25,000	50,000
	286,148	121,521
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	3,137,003	2,795,473
Reserves (Note 8)	134,826	134,826
Accumulated deficit	(3,151,677)	(2,903,280)
	120,152	27,019
	406,300	148,540

Nature and Continuance of Operations (Note 1)

**These financial statements are authorized for issuance by the Board of Directors on April 25, 2018.**

**On Behalf of the Board of Directors:**

Director (*Walter Luke*) \_\_\_\_\_

Director (*Alex Helm*) \_\_\_\_\_

See accompanying notes to the financial statements.

**WINDFIRE CAPITAL CORP.**  
**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2017	2016
	\$	\$
<b>ADMINISTRATIVE EXPENSES</b>		
Business investigation costs (Note 4)	163,292	9,644
Consulting fees (recovery)	3,000	(500)
Interest and bank charges	78	2,165
Investor relations and marketing	2,700	-
Office	2,176	1,565
Professional fees	31,826	23,974
Travel and related	1,684	84
Trust and filing fees	43,641	13,812
	<b>(248,397)</b>	<b>(50,744)</b>
<b>OTHER ITEM</b>		
Gain on settlement of debt (Note 5)	-	68,671
<b>NET AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>(248,397)</b>	<b>17,927</b>
<b>BASIC AND DILUTED NET INCOME (LOSS) PER SHARE</b>	<b>(0.07)</b>	<b>0.01</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>3,814,663</b>	<b>2,229,607</b>

See accompanying notes to the financial statements.

**WINDFIRE CAPITAL CORP.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Common shares		Reserves	Accumulated Deficit	Total
	Number	Amount	Stock options		
		\$	\$	\$	\$
<b>Balance, December 31, 2015</b>	2,229,607	2,795,473	263,328	(3,049,709)	9,092
Stock options cancelled	-	-	(128,502)	128,502	-
Comprehensive income for the year	-	-	-	17,927	17,927
<b>Balance, December 31, 2016</b>	2,229,607	2,795,473	134,826	(2,903,280)	27,019
Shares issued in private placement	3,127,273	344,000	-	-	344,000
Share issue costs	-	(2,470)	-	-	(2,470)
Comprehensive loss for the year	-	-	-	(248,397)	(248,397)
<b>Balance, December 31, 2017</b>	<b>5,356,880</b>	<b>3,137,003</b>	<b>134,826</b>	<b>(3,151,677)</b>	<b>120,152</b>

See accompanying notes to the financial statements.

**WINDFIRE CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Income (loss) for the year	(248,397)	17,927
Adjustments for non-cash items:		
Depreciation	19	26
Gain on settlement of debt	-	(68,671)
Changes in non-cash operating working capital items:		
Receivables	(1,122)	1,670
Advances and deposits	133,750	-
Accounts payable and accrued liabilities	(7,448)	(5,671)
	<b>(123,198)</b>	<b>(54,719)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	344,000	-
Share issuance costs	(2,470)	-
Repayment of loan payable	(25,000)	-
Refundable deposits	197,075	(369,000)
	<b>513,605</b>	<b>(369,000)</b>
<b>NET CHANGE IN CASH</b>	<b>390,407</b>	<b>(423,719)</b>
<b>Cash, beginning of year</b>	<b>14,453</b>	<b>438,172</b>
<b>Cash, end of year</b>	<b>404,860</b>	<b>14,453</b>
<b>Supplemental cash flow information:</b>		
Cash paid for taxes	-	-
Cash paid for interests	-	-
<b>Supplemental cash flow information:</b>		
Reallocation of reserves on cancellation of options	-	128,502

See accompanying notes to the financial statements.

**WINDFIRE CAPITAL CORP.**  
NOTES TO FINANCIAL STATEMENTS  
Year ended December 31, 2017  
(Expressed in Canadian Dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

**Nature of operations**

Windfire Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on December 10, 2007 and continued into British Columbia under the Business Corporations Act (British Columbia) in March 2016. The Company began trading on April 18, 2011 as a Tier 2 Mining Issuer. The Company's business is to evaluate new business opportunities. The common shares of the Company were halted on July 20, 2015 in connection with its announcement that the Company had entered into an LOI with an arm's length party to acquire a majority interest in an off-shore petroleum exploration license located in Namibia. On January 31, 2017, the Company resumed trading with its announcement that the proposed transaction was cancelled and that it would continue to identify and evaluate potential opportunities. Trading was halted again on July 24, 2017, with the announcement that the Company entered into a new LOI with the same arm's length party to acquire the majority interest in the off-shore petroleum exploration license located in Namibia.

In March 2015, the Company did not meet the continued listing requirements of a Tier 2 Mining Issuer. Therefore, as part of the resumption to trading, the Company's listing had been transferred to NEX and currently trades under the symbol, "WIF.H".

The head office, principal address and records office of the Company are located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The Company's registered address is 800 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

In June 2017, the Company completed a share consolidation on the basis of 1 new post-consolidation common share for every 5 pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

**Going concern**

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2017, the Company had working capital of \$120,109 (December 31, 2016 – \$26,957) but is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from exercise of options, and further private placements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**WINDFIRE CAPITAL CORP.**  
NOTES TO FINANCIAL STATEMENTS  
Year ended December 31, 2017  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

**Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

**Use of estimates and judgments**

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Determination of categories of financial assets and financial liabilities; and
- ii) Assessment of the going concern assumption.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- i) Deferred income taxes – The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

**WINDFIRE CAPITAL CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Equipment**

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rate is applicable as follows:

Computer equipment	30% Declining balance
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One-half the normal rate of amortization is recorded in the year of acquisition.

**Exploration and evaluation asset expenditures**

Pre-exploration costs

Pre-exploration costs are expensed as incurred.

Exploration and evaluation expenditures

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

The Company accounts for the mineral exploration tax credit on a cash basis.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

**WINDFIRE CAPITAL CORP.**  
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Year ended December 31, 2017  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Share capital (continued)**

*Valuation of equity units issued in private placements*

The company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

**Loss per share**

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

**Share-based payments**

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. Share-based payments to non-employees are measured on the date and at the fair value of goods or services received, or fair value of the equity instruments issued, whichever can be more reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of cancelled and expired unexercised vested stock options to deficit from reserves on the date of expiration.

**Financial instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables ("LAR"), held-to-maturity investments, available-for-sale and other financial liabilities ("OFL"). The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified as FVTPL when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are measured at fair value with changes in carrying value being included in profit or loss.

**WINDFIRE CAPITAL CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Financial liabilities classified as OFL are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company's financial instruments are classified as follows:

	<u>Classifications</u>
Cash	FVTPL
Receivables	LAR
Advances and deposits	LAR
Accounts payable and accrued liabilities	OFL
Refundable deposits	OFL
Loan payable	OFL

**WINDFIRE CAPITAL CORP.**  
NOTES TO FINANCIAL STATEMENTS  
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(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impairment of assets**

The carrying amount of the Company's assets (which include equipment) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**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, in the country where the Company operates and generates taxable income.

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 profit or loss. 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 liability 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.

**WINDFIRE CAPITAL CORP.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting standards**

The Company has adopted the following accounting standards effective January 1, 2017. The adoption of these accounting standards had no significant impact on the financial statements. These standards are:

- Amendments to IAS 7, Statement of Cash Flows
- Amendments to IAS 12, Income Taxes

**Accounting pronouncements not yet adopted**

**IFRS 2 – Share Based Payments:** The amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. The Company is currently assessing the impact of this amendment to its financial statements.

**IFRS 9 – Financial Instruments: Classification and Measurement** applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any effect on its financial statements.

**IFRS 16 – Leases:** specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

**IFRIC 22 – Foreign Currency Transactions and Advance Consideration:** clarifies the 'date of transaction' for the purpose of determining the exchange rate to use. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any effect on its financial statements.

**IFRIC 23 – Uncertainty Over Income Tax Treatments:** clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

**3. CASH**

	<b>December 31, 2017</b>	December 31, 2016
	\$	\$
Cash	<b>217,760</b>	14,428
Cash held in lawyers' trust account	<b>187,100</b>	25
	<b>404,860</b>	14,453

**WINDFIRE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. PROPOSED TRANSACTION**

In July 2015, the Company signed a letter of intent (“LOI”) with DMiner Asset Management Inc. (“DMiner”) to acquire a majority interest in an off-shore petroleum exploration license with drill ready oil and gas exploration targets in the Orange Basin of Namibia. Pursuant to the LOI, the Company would acquire 91.5% of the issued and outstanding shares of Riviera Mina Ltd. (“Riviera”), a company incorporated under the laws of the Republic of the Bahamas (collectively, the “Acquisition”). Riviera owns an indirect 76.5% interest in Petroleum Exploration License No. 0079 in relation to Block 2815 and 2915 for off-shore Namibia (the “License”) with the remaining interest held by Namibia’s national oil company, Namcor, and local Namibian partners. In January 2017, the Company terminated the agreement with DMiner and Riviera. In July 2017, the Company entered into a new LOI with DMiner for the same transaction with certain revised terms. In September 2017, the Company and DMiner entered into a share purchase agreement to solidify the revised terms.

Under the terms of the share purchase agreement, the Company will acquire the 91.5% interest in Riviera on December 29, 2017 or such other date as the Company and DMiner may agree in writing by completing the following:

- Paying a non-refundable deposit of US\$150,000 upon Exchange approval to DMiner. The Company paid a fully refundable deposit of US\$100,000 (CDN\$133,750) to DMiner in accordance with the first LOI of which US\$10,000 (CDN\$13,375) was refunded in June 2017 and the remaining US\$90,000 (CDN\$120,375) was applied to the non-refundable deposit balance. The Company paid a further US\$19,560 (CDN\$25,000) against the non-refundable deposit resulting in total payments of US\$109,560 (CDN\$145,375 expensed to business investigation costs).
- Issuing 15,000,000 common shares of the Company to DMiner upon closing of the agreement; and
- Paying DMiner US\$850,000.

The Acquisition will constitute a reverse takeover (“RTO”) under the policies of the TSX-V.

Concurrent to the proposed transaction, the Company will complete a private placement to raise gross proceeds of \$3,000,000 to \$5,000,000 by issuing 12,000,000 to 20,000,000 common shares of the Company at \$0.25 per share.

During the year ended December 31, 2017, the Company incurred \$5,940 (2016 - \$9,644) in various due diligence fees associated with the proposed transaction. Additionally the Company paid various expenses totalling \$11,977 on behalf of DMiner.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31, 2017</b>	December 31, 2016
	\$	\$
Trade and other payables	<b>47,548</b>	55,871
Accrued liabilities	<b>16,500</b>	15,625
	<b>64,048</b>	71,496

During the year ended December 31, 2016, the Company settled certain trade and other payables with creditors, and realized a gain on settlement of debt of \$68,671.

**6. REFUNDABLE DEPOSITS**

As at December 31, 2017, the Company had \$197,100 (December 31, 2016 - \$25) in refundable deposits for a future private placement. During the year ended December 31, 2017, the Company returned \$25 (year ended December 31, 2016 - \$369,000) to the original subscribers.

**WINDFIRE CAPITAL CORP.**  
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**7. LOAN PAYABLE**

As at December 31, 2017, the Company held a loan payable for \$25,000 (December 31, 2016 - \$50,000) which is unsecured and non-interest bearing. The loan is due on demand.

**8. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

Unlimited number of Class "A" common shares with no par value

In June 2017, the Company completed a share consolidation on the basis of 1 new post-consolidation common share for every 5 pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation.

**Issued shares**

*During the year ended December 31, 2017*

The Company completed a non-brokered private placement in June 2017 which consisted of the issuance of 3,127,273 common shares at a price of \$0.11 per share for gross proceeds of \$344,000.

*During the year ended December 31, 2016*

No shares were issued during this year.

**Basic and diluted loss per share**

The calculation of basic and diluted income per share for the year ended December 31, 2017 was based on the loss attributable to common shareholders of \$91,045 (2016 – income of \$17,927) and the weighted average number of common shares outstanding of 3,814,663 (2016 – 2,229,607).

As at December 31, 2017, 70,000 stock options were not included in the calculation of diluted loss per share as the effect would be anti-dilutive.

**Stock options**

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

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**8. SHARE CAPITAL AND RESERVES (continued)**

**Stock options (continued)**

The Company's stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2015	108,333	2.40
Expired	(38,333)	3.95
<b>Balance, December 31, 2016 and December 31, 2017</b>	<b>70,000</b>	<b>1.59</b>

The weighted average life of options outstanding at December 31, 2017 is 1.72 years.

The following table summarizes the options outstanding and exercisable at December 31, 2017:

Options outstanding and exercisable	Exercise price	Expiry date
	\$	
40,000	2.025	March 21, 2019
30,000	1.00	May 22, 2020
70,000		

**9. RELATED PARTY TRANSACTIONS**

The Company defines key management as officers and directors of the Company.

The Company did not pay any compensation to related parties during the years ended December 31, 2017 and 2016.

**10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The fair value of the Company's receivables, deposits, accounts payable and accrued liabilities, refundable deposits, and loan payable approximates their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

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**11. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient working capital to meet liabilities when due. As at December 31, 2017, the Company has sufficient cash to settle its current liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) Currency risk

The Company's operations and financing activities are conducted in Canadian dollars and, as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

(e) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company is not subject to interest rate risk.

**12. CAPITAL DISCLOSURE AND MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to meet its exploration commitments. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the Exchange.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy remains unchanged from 2016.

The Company is not subject to any externally imposed capital requirements.

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**13. DEFERRED INCOME TAXES**

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

	<b>December 31, 2017</b>	December 31, 2016
	<b>\$</b>	<b>\$</b>
Income (Loss) for the year before income taxes	(248,397)	17,927
Expected income tax expense (recovery) at statutory tax rates	(64,583)	4,661
Non-deductible items	44	-
Effect of tax rate change	(29,652)	-
Change in unrecognized deductible temporary differences	94,191	(4,661)
<b>Total income tax recovery</b>	<b>-</b>	<b>-</b>

The significant components of the Company's unrecorded deferred tax assets (liabilities) are as follows:

	<b>December 31 2017</b>	December 31, 2016
	<b>\$</b>	<b>\$</b>
Investment tax credit	500	500
Equipment	200	300
Non-capital losses	705,600	614,400
Exploration and evaluation assets	94,300	90,800
Share issuance costs	600	300
<b>Total unrecognized deferred tax assets</b>	<b>801,200</b>	<b>706,300</b>

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

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

	<b>December 31, 2017</b>	<b>Expiry dates</b>	December 31, 2016	Expiry dates
	<b>\$</b>		<b>\$</b>	
Share issuance costs	2,300	2021	1,100	2018
Investment tax credit	1,900	2032	1,900	2032
Equipment	800	No expiry	1,200	No expiry
Exploration and evaluation assets	349,300	No expiry	349,300	No expiry
Non-capital losses	2,613,300	2029 to 2037	2,363,100	2029 to 2036
	<b>2,967,600</b>		<b>2,716,600</b>	

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**13. DEFERRED INCOME TAXES (continued)**

The Company has accumulated non-capital losses for tax purposes in the amount of \$2,613,300. These losses are available to offset future taxable income. The losses are due to expire as follows:

2029	\$	5,700
2030		207,000
2031		433,800
2032		461,000
2033		395,700
2034		612,300
2035		196,100
2036		52,200
2037		249,500
		<hr/>
		\$ 2,613,300
		<hr/>