

**PRIYANKA CAPITAL INC.**

**Financial Statements  
October 31, 2017 and 2016  
(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF PRIYANKA CAPITAL INC.

We have audited the accompanying financial statements of Priyanka Capital Inc., which comprise the statements of financial position as at October 31, 2017 and 2016 and the statements of loss and comprehensive loss, changes in shareholders' deficiency 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 audit 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 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 Priyanka Capital Inc. as at October 31, 2017 and 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 qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
February 28, 2018

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**PRIYANKA CAPITAL INC.**  
**Statements of Financial Position**  
**October 31**  
**(Expressed in Canadian Dollars)**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current		
Cash	\$ 210	\$ 283
GST receivable	795	792
	1,005	1,075
<b>Loans Receivable</b> (note 8)	<b>35,833</b>	<b>45,244</b>
<b>Total Assets</b>	<b>\$ 36,838</b>	<b>\$ 46,319</b>
<b>Liabilities and Shareholders' Deficiency</b>		
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 122,474	\$ 89,123
Due to related party (note 7)	525	525
	122,999	89,648
<b>Shareholders' Deficiency</b>		
Share capital (note 5)	65,833	65,833
Deficit	(151,994)	(109,162)
	(86,161)	(43,329)
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 36,838</b>	<b>\$ 46,319</b>

Approved on behalf of the Board on February 28, 2018:

"Glen Macdonald" (signed)  
Glen Macdonald, Director

"Ken Ralfs" (signed)  
Ken Ralfs, Director

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

**PRIYANKA CAPITAL INC.**  
**Statements of Loss and Comprehensive Loss**  
**Years Ended October 31**  
**(Expressed in Canadian Dollars)**

	<b>2017</b>	<b>2016</b>
<b>Expenses</b>		
Bank charges	\$ 72	\$ 108
Consulting	40,000	41,500
Professional fees	2,760	1,000
Transfer agent and filing fees	-	4,498
<b>Net Loss and Comprehensive Loss for the Year</b>	<b>\$ (42,832)</b>	<b>\$ (47,106)</b>
<b>Basic and Diluted Loss per Common Share</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>1,316,670</b>	<b>1,316,670</b>

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

**PRIYANKA CAPITAL INC.****Statements of Changes in Shareholders' Deficiency****Years Ended October 31, 2017 and 2016****(Expressed in Canadian Dollars, except for the number of shares)**

	<b>Number of Outstanding Shares</b>	<b>Share Capital</b>	<b>Deficit</b>	<b>Total Shareholders' Deficiency</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, October 31, 2015</b>	1,316,670	65,833	(62,056)	3,777
Net loss for the year	-	-	(47,106)	(47,106)
<b>Balance, October 31, 2016</b>	1,316,670	65,833	(109,162)	(43,329)
Net loss for the year	-	-	(42,832)	(42,832)
<b>Balance, October 31, 2017</b>	1,316,670	65,833	(151,994)	(86,161)

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

**PRIYANKA CAPITAL INC.**  
**Statements of Cash Flows**  
**Years Ended October 31**  
**(Expressed in Canadian Dollars)**

	<b>2017</b>	<b>2016</b>
<b>Cash Used In</b>		
<b>Operating Activities</b>		
Net loss for the year	\$ (42,832)	\$ (47,106)
Change in non-cash working capital components		
GST receivable	(3)	(135)
Loans receivable	-	1,802
Accounts payable and accrued liabilities	42,762	43,840
<b>Cash Used in Operating Activities</b>	<b>(73)</b>	<b>(1,599)</b>
<b>Change in Cash</b>	<b>(73)</b>	<b>(1,599)</b>
<b>Cash, Beginning of Year</b>	<b>283</b>	<b>1,882</b>
<b>Cash, End of Year</b>	<b>\$ 210</b>	<b>\$ 283</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid during the year for interest expense	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Loans receivable offset by accounts payable	\$ 9,411	\$ -

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

**PRIYANKA CAPITAL INC.**  
**Notes to the Financial Statements**  
**Years Ended October 31, 2017 and 2016**  
**(Expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Priyanka Capital Inc. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on October 16, 2014, and was a wholly owned subsidiary of Leucadia Finance Partners Inc. (“Leucadia”) until February 12, 2015. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The address of its head office is 488 - 625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6.

The Company entered into an arrangement agreement dated December 8, 2014 (the “Arrangement Agreement”) with Leucadia, Ravensden Capital Inc., Nishal Capital Inc., Glenmac Capital Inc. and Real Difference Capital Inc. Final court approval of the plan of arrangement (the “Arrangement”) was obtained on January 15, 2015 and the Company completed its arrangement on February 12, 2015 (the “Effective Date”) and became a reporting issuer in British Columbia and Alberta. Shareholders of record of Leucadia on the Effective Date (the “Shareholders”) received, among other things, one new common share of Leucadia and one-half of one Class 1 Reorganization Share of Leucadia (each whole share, a “Reorganization Share”) for each Leucadia share held. The Reorganization Shares were then, pursuant to the Arrangement and requisite corporate approvals, automatically transferred by Shareholders to the Company in exchange for an aggregate 1,316,670 common shares of the Company (each, a “Priyanka Share”), after accounting for rounding, which shares were issued to the Shareholders on a pro rata basis, such that the 1,316,667 Reorganization Shares were exchanged for 1,316,670 Priyanka Shares. Fractional shares of the Company were not issued, and any fractional shares resulting from the Arrangement were rounded up or down to the nearest whole number. Immediately following this, Leucadia redeemed all of the Reorganization Shares for a total of \$65,833 by the transfer to the Company of \$30,000 cash and a promissory note in the principal amount of \$35,833.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet achieved profitable operations with negative working capital of \$121,994 (2016 - \$88,573) and deficit of \$151,994 (2016 - \$109,162) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. In addition, the Company will require additional financing in order to carry out its business objectives.

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee.

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. All values are rounded to the nearest dollar unless otherwise indicated.

The significant accounting policies set out in note 3 have been applied consistently to all years presented.

**PRIYANKA CAPITAL INC.**  
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**2. BASIS OF PRESENTATION (Continued)**

(b) Approval of the financial statements

The financial statements of the Company were approved by the directors and authorized for issue on February 28, 2018.

(c) New accounting pronouncements

The following standards will become effective in future periods. The Company is assessing the impact to its financial reporting, if any.

(i) IFRS 9 *Financial Instruments* (2014)

The finalized version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement – Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment – The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting – Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition – The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning November 1, 2018.

**PRIYANKA CAPITAL INC.**  
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**2. BASIS OF PRESENTATION (Continued)**

(c) New accounting pronouncements (Continued)

(ii) IFRS 16 *Leases*

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Effective to the Company's annual period beginning November 1, 2019.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

(a) Financial instruments

(i) Financial assets

*Fair value through profit or loss ("FVTPL")*

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

*Loans and receivables*

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company classifies loans receivable as loans and receivables.

(ii) Financial liabilities and other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statements of loss and comprehensive loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities and due to related party are included in this category.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(a) Financial instruments (Continued)

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for assets or liabilities that are not based on observable market data.

Cash is measured at Level 1 and the carrying value of all financial assets and liabilities approximate their fair value due to their short-term nature.

(b) Share capital

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 are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(c) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the carrying amounts for financial statement purposes and the tax basis for certain assets and liabilities. 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 these temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset will be reduced.

**PRIYANKA CAPITAL INC.**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(d) Loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

(e) Use of judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring significant estimates in the current period include accrued liabilities. Significant areas requiring the use of management judgments in the application of IFRS during the preparation of the financial statements with the risk of material adjustment are as follows.

*Income taxes*

In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by tax authorities. The Company has not recognized any deferred income tax assets.

*Collectability of loans receivable*

The Company records an allowance for doubtful accounts related to due from related parties that are considered to be uncollectible. The allowance is based on the Company's knowledge of the financial condition of its related parties, the aging of the receivables and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts. As at October 31, 2017 and 2016, the Company has not recorded an allowance against its loans receivable.

*Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**PRIYANKA CAPITAL INC.**  
**Notes to the Financial Statements**  
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**(Expressed in Canadian Dollars)**

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**4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

*Credit risk*

The Company's cash is largely held in large Canadian financial institutions. The Company is exposed to credit risk to the extent of its loans receivable. These loans are unsecured and are all due from related parties (note 8).

*Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. All of the Company's financial liabilities are current and expected to fall due within 30 days, except for the loan payable, which is due on demand.

*Foreign exchange risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to foreign exchange risk.

*Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company maintains bank accounts that earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

*Other price risk*

Other price risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices other than from interest rates and foreign currency risk. The Company is not exposed to other price risk.

**5. SHARE CAPITAL**

(a) Authorized

Unlimited number of common shares and preferred shares without par value.

(b) Issued and outstanding

No shares were issued during the years ended October 31, 2017 and 2016.

**PRIYANKA CAPITAL INC.**  
**Notes to the Financial Statements**  
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**(Expressed in Canadian Dollars)**

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**6. CAPITAL MANAGEMENT**

The Company does not use sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company considers its capital to be its share capital. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes in the Company's approach to capital management during the years ended October 31, 2017 and 2016.

**7. RELATED PARTY TRANSACTIONS**

Due to a related party as at October 31, 2017 is \$525 (2016 - \$525) owing to Nishal Capital Inc., a company related by the common directors for the purpose of reimbursing expenses paid on behalf of the Company. The balances are unsecured, non-interest-bearing and have no fixed terms of repayment.

Refer to note 8 for additional related party transactions.

The above transactions are in the normal course of operations.

**8. LOANS RECEIVABLE**

Pursuant to the Arrangement (note 1), the Company holds a promissory note receivable of \$35,833 (2016 - \$35,833) from Leucadia, a company related by common directors. The promissory note is non-interest-bearing, due on demand and has no fixed terms of repayment.

The balance of the loan receivable to a third party is \$Nil (2016 - \$9,411). This loan was non-interest-bearing, due on demand and has no fixed terms of repayment.

**PRIYANKA CAPITAL INC.**  
**Notes to the Financial Statements**  
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**(Expressed in Canadian Dollars)**

**9. INCOME TAXES**

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	<b>2017</b>	<b>2016</b>
Statutory tax rate	26.0%	26.0%
Loss before income taxes	\$ (42,832)	\$ (47,106)
Expected income tax recovery	(11,136)	(12,248)
Increase in income tax recovery resulting from:		
Other	-	1,968
Current and prior tax attributes not recognized	11,136	10,280
Deferred income tax recovery	\$ -	\$ -

Details of deferred tax assets are as follows:

	<b>2017</b>	<b>2016</b>
Cumulative eligible capital	\$ 7,569	\$ 7,569
Non-capital losses	153,706	110,344
	\$ 161,275	\$ 117,913

The Company has approximately \$154,000 of non-capital losses available, which begin to expire through to 2037 and may be applied against future taxable income. At October 31, 2017, the net amount that would give rise to a deferred income tax asset has not been recognized, as it is not probable that such benefit will be utilized in the future years.